

No securities regulatory authority has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the offering. This is a risky investment. You could lose all the money you invest.

## CONFIDENTIAL OFFERING MEMORANDUM

Dated: March 29, 2017

### THE ISSUER

Name: **Westpeaks Properties Inc.** (the "Corporation")

Address: 1000 Bankers Hall West  
888 – 3rd Street SW  
Calgary, AB T2P 5C5  
Phone: (403) 668-6561  
Fax: (403) 668-6505

Registered Office: 1000 Bankers Hall West  
888 – 3rd Street SW  
Calgary, AB T2P 5C5

Website: [www.westpeaksproperties.com](http://www.westpeaksproperties.com)

Currently listed or quoted: **No. These securities do not trade on any exchange or market.**  
Reporting issuer: No.  
SEDAR filer: No.

### THE OFFERING

Securities Offered: **Series B Preferred Shares** (the "Shares")

Price per Security: **\$1,000.00 per Share**

Minimum Subscription Amt.: **\$10,000.00** (10 Shares)

Maximum Offering: **\$15,500,000.00** (15,500 Shares)

Payment Terms: The subscription price is payable at the time of Closing by certified cheque or such other manner as may be accepted at Closing by the Corporation in its sole discretion.

Proposed Closing Date: The Corporation intends to effect periodic closings until such time as the Corporation has reached the financial objectives identified in this document under the heading "Use of Proceeds", or until the Maximum Offering is achieved.

Tax Consequences: There are important tax consequences to these securities. Consult your tax advisor. See *Item 6 – Income Tax Consequences and Deferred Plan Eligibility*.

Selling Agent: A commission of up to 6% of the sale proceeds from the sale of Shares may be paid in connection with the sale of certain shares. The Corporation may employ agents or individuals to act on its behalf in the sale of Shares, including insiders of the Corporation, and the Corporation will be responsible for the payment of any commissions to such agents or individuals from the proceeds of the Offering.

**Funds available under this offering may not be sufficient to accomplish our proposed objectives.**

### RESALE RESTRICTIONS

A Subscriber will be restricted from selling its Shares for an indefinite period. See "*Item 10 – Resale Restrictions*".

### SUBSCRIBER'S RIGHTS

**You have 2 business days to cancel your agreement to purchase these real estate securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See "*Item 11 – Purchaser's Rights*" on page 23. You will not be able to sell these real estate securities except in very limited circumstances. You may never be able to resell these real estate securities. See "*Item 10 - Resale Restrictions*" on page 23.**

This offering is being made in the provinces of Alberta, Ontario and British Columbia pursuant to National Instrument 45-106, *Prospectus and Registration Exemptions*.

**Schedules:** The following schedules are attached to and form part of this Offering Memorandum:

Schedule A - Legal Description of Land, with titles attached

Schedule B - Form of Subscription Agreement

Schedule C - Westpeaks Properties Inc. Audited Financial Statements as at Dec. 31, 2016 and Silver Valley Developments Inc. Financial Statements as at Dec. 31, 2016

Schedule D - Haldane Appraisals Ltd. Prospective Appraisal

Schedule E - Series B Preferred Share Terms

**Note\*\*\*** The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the Shares offered hereby. **Prospective investors should only rely on the information in this Offering Memorandum.** No persons are authorized to give any information or make any representation in respect of the Corporation or the securities offered herein and any such information or representation must not be relied upon.

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**SCHEDULE A: Legal Description of Lands**

**SCHEDULE B: Form of Subscription Agreement**

**SCHEDULE C: Westpeaks Properties Inc. Audited Financial Statements as at Dec. 31, 2016  
Silver Valley Developments Inc. Financial Statements as at Dec. 31, 2016**

**SCHEDULE D: Haldane Appraisals Ltd. Prospective Appraisal**

**SCHEDULE E: Series B Preferred Shares Terms**

## 1 GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

“**ABCA**” means the *Business Corporations Act* (Alberta), as amended;

“**Accountants**” means an independent firm of chartered accounts appointed by the Corporation as accountants for the Corporation for the time being, whether or not such firm of chartered accounts is regularly retained by the Corporation or any affiliated entity;

“**Applicable Securities Laws**” means, collectively, all applicable securities laws of the Selling Jurisdiction and the respective regulations, rules, policies and orders thereunder together with all applicable published orders and rulings of the Securities Regulatory Authorities in such jurisdiction;

“**Business Day**” means a day which is not a Saturday, Sunday or a legal holiday in the province of Alberta;

“**Closing**” means the day or days upon which the Shares are issued to the Subscribers pursuant to this Offering;

“**Closing Date**” means the date or dates on which the Closing of the Offering will occur and Shares will be issued and sold to Subscribers;

“**Corporation**” means Westpeaks Properties Inc.;

“**CRA**” means the Canada Revenue Agency;

“**Deferred Plan**” means any one of or collectively an RRSP, RRIF, RESP and a TFSA;

“**Developer**” means Silver Valley Developments Inc.;

“**Interest**” means 10% per annum interest compounded annually, accrued and payable at the end of the Term;

“**Land**” or “**Lands**” means the parcels of land collectively described in Schedule A;

“**Loan**” means the loan from the Corporation to the Developer as described herein;

“**Mortgage**” means the mortgage registered against the Lands as security for the loan made by the Corporation to the Purchaser through the Mortgage Administrator and administered by the Mortgage Administrator;

“**Mortgage Administrator**” means *A Priori Equity Partners Inc.*;

“**Non-Arm’s-Length Parties**” means “related persons” within the meaning of the *Income Tax Act* (Canada);

“**Offering**” means the offering of the Shares described herein or in any amendment hereto;

“**Offering Memorandum**” means this confidential offering memorandum, including any amendment hereto;

“**Pham Mortgage**” means the mortgage registered on the title to the Land as instrument No. 162 213 443 in favour of Pham Geomatics Solutions Inc.;

“**PMP Mortgage**” means the mortgage registered on the title to the Land as instrument No. 122 240 314 in favour of PMP Investments Inc.;

“**Register**” means the register the Corporation shall prepare and maintain which shall include, without limitation, the names and addresses of the shareholders of the Shares, as may be amended from time to time;

“**Resident**” means resident in Canada for the purposes of the *Income Tax Act* (Canada);

“**RESP**” means Registered Education Savings Plan as defined under the Tax Act;

“**RRIF**” means Registered Retirement Income Fund as defined under the Tax Act;

“**RRSP**” means Registered Retirement Savings Plan as defined under the Tax Act;

“**Securities Act**” means the *Securities Act* (Alberta), including the rules and regulations promulgated thereunder, as may be amended from time to time;

“**Selling Jurisdictions**” means Alberta, Ontario and British Columbia;

“**Shares**” means the Series B Preferred Shares;

“**Subscribers**” means those persons subscribing for Shares pursuant to this Offering; and

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

“**Term**” means five years subject however to the right to repay early or extend upon such terms as may be agreed. The minimum term of the loan is one and a half years.

“**TFSA**” means Tax Free Savings Account as defined under the Tax Act; and

“**Vendor**” means 1625183 Alberta Inc.

## FORWARD-LOOKING STATEMENTS

Certain of the statements contained herein including, without limitation, financial and business prospects and financial outlook, the timing and financing thereof and nature of expenditures, the effect of government announcements, proposals and legislation, zoning changes and requirements, obtaining approvals and permits and costs and expenses, may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with obtaining adequate financing, incorrect assessment of the value of investments, failure to realize the anticipated benefits of investments, delays resulting from or inability to obtain required regulatory or governmental approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Corporation believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Corporation can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory and governmental permits and approvals; and the ability of the Corporation to obtain financing on acceptable terms.

Readers are cautioned that the foregoing list of factors is not exhaustive. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Corporation assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

## 2 USE OF NET PROCEEDS

### 2.1 NET PROCEEDS

The total proceeds of the Offering, the net proceeds which will be available to the Corporation after this Offering, and the anticipated use of the net proceeds of this Offering are as follows:

<b>Funds to be Raised:</b>	First Tranche (see Item 3.5)	Second Tranche (see Item 3.5)	Third Tranche (see Item 3.5)	Fourth Tranche (see Item 3.5)
(a) Amount to be raised	\$6,850,000.00	\$1,500,000.00	\$5,650,000.00	\$1,500,000.00
(b) Selling commissions and fees <sup>1</sup>	\$411,000.00	\$90,000.00	\$339,000.00	\$90,000.00
(c) Offering Costs <sup>2</sup>	\$39,000.00	\$5,000.00	\$11,000.00	\$4,500.00
(d) Net Proceeds by Tranche:	\$6,400,000.00	\$1,405,000.00	\$5,300,000.00	\$1,405,500.00
<b>(e) Net proceeds (Cumulative):</b>	<b>\$6,400,000.00</b>	<b>\$7,805,000.00</b>	<b>\$13,105,000.00</b>	<b>\$14,510,500.00</b>
<b>Use of Funds:</b>				
(f) Payout and replace existing mortgages:				
PMP Mortgage <sup>3</sup>	\$4,500,000.00			
Pham Mortgage <sup>4</sup>	\$1,900,000.00			
(g) Purchase-Price Down Payment		\$1,100,000.00		
(h) Purchase-Price Final Payment			\$5,300,000.00	
(i) Development Costs				\$1,205,000.00
(j) Operation Costs		\$305,000.00		\$200,500.00
(k) Totals by Tranche:	<b>\$6,400,000.00</b>	<b>\$1,405,000.00</b>	<b>\$5,300,000.00</b>	<b>\$1,405,500.00</b>
(l) Cumulative Totals:	<b>\$6,400,000.00</b>	<b>\$7,805,000.00</b>	<b>\$13,105,000.00</b>	<b>\$14,510,500.00</b>

#### Notes:

1. In the event that less than \$6,400,000.00 is required to pay out the existing mortgages, any surplus will be permitted to be retained by the Developer for operational expenses.
2. It is a condition that the NAS Plan and Phase 1 Zoning be approved prior to closing Tranche 1.
3. In the event that the second or any subsequent tranche offering amount is not obtained by the Corporation, the Corporation may obtain the necessary additional capital to finance planning and engineering costs through alternative sources, which may include utilization of debt or additional equity investment as the Corporation may deem appropriate in its discretion.
4. Offering Costs includes an allocation for transaction the use of funds in each tranche. For example, the Offering Costs allocation in the First Tranche includes the offering expenses and the mortgage expense, as that is a condition of closing the tranche; the Offering Costs allocation in the Third Tranche includes the offering expenses for that tranche as well as the transaction expenses for conveyance of title, as that is a condition of closing that tranche. In the event that any of the Offering Costs are not fully expended for the stated purposes the surplus shall be made available for future expenses.

<sup>1</sup> A commission of up to 6% of the sale proceeds from the sale of Shares may be paid in connection with the sale of certain Shares. The Corporation may employ agents or individuals to act on its behalf in the sale of Shares, including insiders of the Corporation, and the Corporation will be responsible for the payment of any commissions to such agents or individuals from the proceeds of the Offering.

<sup>2</sup> Includes transaction costs for use of funds, e.g. to facilitate mortgage payouts.

<sup>3</sup> The PMP Mortgage bears an original principal amount of \$1,650,000.00 and carries a current balance of \$4,500,000.00. See Schedule A.

<sup>4</sup> The Pham Mortgage bears an original principal amount of \$1,625,000.00 and carries a current balance of \$1,900,000.00. See Schedule A.

## **2.2 REALLOCATION**

The Corporation intends to allocate and use the net proceeds as stated but may reallocate the use of funds in the event it is deemed prudent by the Corporation. The Corporation will reallocate funds only for sound business reasons.

## **2.3 WORKING CAPITAL DEFICIENCY**

In the event the Developer has a working capital deficiency not covered by the loan of the net proceeds of this Offering, to cover any working capital deficiency of the Developer the Corporation may, but is not obligated to, provide further financing to the Developer by way of a loan bearing an interest rate of Bank of Canada Prime +1.5%. The Corporation will be reimbursed these funds by the Developer as the first such funds become available to the Corporation after satisfying all obligations arising from this Offering.

In the event the Developer has a working capital deficiency not covered by the loan of the net proceeds of this Offering and the Corporation does not provide further financing to the Developer, the Corporation may assist the Developer in obtaining alternative financing in any way deemed appropriate by the Corporation.

## **3 THE BUSINESS OF THE CORPORATION**

### **3.1 STRUCTURE**

The Corporation was formed on April 17, 2013 as Titanium Finance Inc. when the Certificate of Incorporation was issued by the Registrar in accordance with the ABCA. The shareholder of the Corporation voted to change its name to Westpeaks Properties Inc. on March 13, 2014. It is not a reporting issuer or equivalent in any jurisdiction, and its securities are not listed or posted for trading on any stock exchange or market. The registered office of the Corporation is located at 1000 Bankers Hall West, 888 – 3rd Street SW, Calgary, AB, T2P 5C5.

### **3.2 OUR BUSINESS**

The Corporation's business purpose is to provide loans to land developers, secured by mortgages held in trust and administered by an arms-length administrator, and thereby to earn revenue for itself as well as the specified income for the owners of the Shares.

The funds raised by this Offering will be used to fund the Loan to the Developer for the purposes stated herein. The Corporation will advance funds to the Developer pursuant to the Loan on the following terms:

Loan Amount: The amount raised by this Offering shall be loaned to the Developer.

Interest Rate: The Developer shall pay to the Corporation 10% per annum interest compounded annually, accrued and payable at the end of the Term.

Term: The Term of the Loan is five years subject however to the right to repay early or extend upon such terms as may be agreed. The minimum term of the loan is one and a half years.

Payments: All principal and accrued interest is to be repaid at the end of the Term.

Security: As security for the Loan, the Developer will provide to the Corporation, in trust, a mortgages on the Land. The Mortgage will be registered by and held in the name of the Mortgage Administrator to provide an arms-length administrator for the security for the Loan.

Repayment: After the one and a half year minimum term the Loan may be repaid in full or in part, at any time and from time to time, without notice, bonus or penalty.

Additional Terms: All fees, costs and interest thereon incurred by the Corporation with respect to the Loan and Mortgage (including costs related to enforcement) shall be payable by the Developer to the Corporation and shall form part of the principal of the Loan.



### **3.3 THE SHARES IN THIS OFFERING**

The Shares of the Corporation for this Offering are issued at \$1,000.00 per Share and the Corporation intends to use the proceeds as set out in this Offering Memorandum. The Shares are non-voting and have no rights of redemption or retraction other than by the Corporation as described herein.

The Loan to the Developer shall be used first to pay out the mortgages on the lands described in Section 2.1 herein, second to pay the purchase price for the Land to transfer legal ownership to the Developer, and third to advance the development of the Land.

To ensure independence regarding the administration of the Loan, the Mortgage will be funded, held and administered through the Mortgage Administrator, an arms-length corporate entity not under the control of any shareholder, officer or director of either the Corporation or the Developer. The Mortgage Administrator shall hold and administer the Mortgage first for to the credit of the holders of the Shares until they have received 100% of the redemption amount of the Shares (the face value) with all applicable Interest, and after full payment thereof then to credit of the Corporation. The expenses of the Mortgage Administrator are paid by the Developer pursuant to the terms of the Loan.

The Offering is being made by the Corporation in reliance upon prospectus and registration exemptions from applicable securities legislation, including National Instrument 45-106.

### **3.4 THE PROJECT**

The funds raised by this Offering, net of fees and expenses, will be loaned to the Developer for a two-stage transaction: First, the existing mortgages on the Land will be paid out and replaced by a Mortgage on the stated terms in favour of the Mortgage Administrator, held in trust for the Corporation, securing the advances made to pay out the existing mortgages; Secondly, funds will be advanced to facilitate the acquisition and development of the Land by the Developer, with these portions of the Loan also secured against the Land by the Mortgage. The Developer intends to improve the Lands in preparation for development of mixed residential and commercial use and sale of the Lands.

The Land is located in the east hills area in the City of Red Deer, Alberta, and is within the East Hills Master Area Structured Plan (the "**MAS Plan**"), which MAS Plan was concluded in 2013.

Within the SAS Plan currently in development, the proposed land use of the Land is residential with components of multi-family and local district commercial.

The Neighborhood Area Structure Plan (the "**NAS Plan**") is currently in the process of approval with respect to land use. The proposed land use for the site is residential with components of multi Family and district commercial.

For more details about the Land and its location within the City of Red Deer, see the attached Appraisal Report by Haldane Appraisals Ltd. at Schedule D, and copies of titles included in Schedule A. The Appraisal Report by Haldane Appraisals Ltd. attached as Schedule D is relied upon by the Corporation and its officers and directors as to the values and information stated therein. The Corporation and its officers and directors rely on the expertise of Haldane Appraisals Ltd. in preparing the information contained in the Appraisal Report, and while none of the Corporation or its officers and directors have any reason to doubt the accuracy of the information contained in the Appraisal Report, they are not themselves real estate appraisers and accordingly cannot independently certify the accuracy of the contents of the Appraisal Report.

The holders of the Shares shall be paid at the end of the Term the face value of the Shares (\$1,000 per Share) and the Interest.

### 3.5 CLOSING SUBSCRIPTIONS FOR THE SHARES.

The Developer has entered into a Real Estate Purchase Contract to acquire the Land from the Vendor for the sum of \$12,800,000.00 payable by:

1. Firstly, with a \$1,000.00 initial deposit;
2. Secondly, with a \$7,499,000.00 additional deposit constituting \$6.4 million to payout existing mortgages and a down payment on the purchase price of the Land. The funds for this payment are provided by an advance on the Loan from the Corporation to the Developer, through the Mortgage Administrator, and is secured on the title to the Land by the Mortgage with the consent of the Vendor; and
3. Thirdly, with a \$5,300,000.00 payment on closing.

The foregoing amounts are subject to the usual adjustments made on standard real estate transactions of this nature.

The Corporation shall collect subscriptions for the Shares for each of Tranche 1, Tranche 2 and Tranche 3 and shall close each of these tranches when the stated amounts in Section 2.1 are subscribed for.

Tranche 4 will be closed in any number of parts as the Corporation may deem appropriate and consistent with the cash-flow needs of the Developer. The Corporation may elect, in its discretion, not to raise the full amount of Tranche 4 if the full amount is not required by the Developer

All funds being advanced shall be advanced through the Mortgage Administrator and secured by the Mortgage.

### 3.6 THE PROPERTY

The Property and its value are described in the Appraisal Report at Schedule D hereto. The Title as it exists as of the date of this Offering Memorandum is included in Schedule A.

### 3.7 THE DEVELOPER

Silver Valley Development Inc. is entitled to become the owner of the Land pursuant to the Real Estate Purchase Agreement entered into with the Vendor, and upon the closing of that Agreement will have the sole authority to decide matters pertaining to the development of the Land, subject however to the terms of the Mortgage. The Corporation is associated with the Vendor by virtue of sharing common Directors. The Corporation is associated with the Developer by virtue of sharing common directors.

The unaudited financial statements of the Developer are included in Schedule C.

The Developer may, but is not obligated to, pay during the project periods described in Item 3.10 payments of \$100,000.00 per year to Gary Zhang as well as \$50,000 per year to each of Les Baisi, Lou Baisi and Neil Baisi as consulting fees, directly or indirectly for a maximum of a 2 year period (the "**Consulting Fees**"), which would constitute part of the Operating Costs of the Developer listed in Item 2.1.

The Mortgage will, upon the conclusion of the closing process of Tranche 1, constitute a first charge on the Land and no debt will rank in priority to the Mortgage as a charge against the Land.

This is the first development project of the Developer.

The Corporation will monitor the progress of the Developer and the market for the Land through the direct involvement of Les Baisi, Gary Zhang and Neil Baisi as consultants to the Developer regarding this Project, through at minimum quarterly reports from the Developer.

### 3.8 THE CORPORATION

The Corporation has been formed and acquired to conduct the business described in this Offering Memorandum, and does not at present intend to carry-on any business other than that so described. Should the Corporation undertake additional business activities, they shall be done only a manner that shall not impact the rights of the subscribers to the Shares.

### 3.9 DEVELOPMENT OF BUSINESS

The Corporation was incorporated as Titanium Finance Inc. by Olympia Trust Company on April 17, 2013, issued non-voting shares sufficient to qualify as a public company under the Tax Act, and subsequently made an election with Canada Revenue Agency to become a public company on June 18, 2013. The Corporation was subsequently acquired by the Developer as the voting shareholder and changed its name to Westpeaks Properties Inc. on March 13, 2014 for the purpose of transacting the business described in this Offering. Other than taking the steps to become a public company under the Tax Act, the Corporation has conducted no business prior to this Offering.

### 3.10 LONG-TERM OBJECTIVES

The Corporation's long-term objective is to earn income from the Loan, secured by the Mortgage first for the benefit of the holders of the Shares, and second for the Corporation. The time horizon for realizing on the Loan is the Term, but could be shorter as the Corporation may decide. This timing will be impacted by various factors including the rate of absorption of real estate in and around the City of Red Deer and the success of the steps undertaken by the Developer in developing the Land, which are expected to be:

<b>Step</b>	<b>Timing</b>	<b>Anticipated Costs</b>
On the closing of the Third Tranche, including all related steps described herein, the title to the Land will transfer to the Developer	By September 2018	\$5,311,000.00, consisting of \$5,300,000.00 as the balance of the purchase price under the Real Estate Purchase Contract, and \$11,000.00 allocated for transaction-related expenses.
Close the Fourth Tranche, including all related steps described herein, as the Corporation may determine, to obtain all necessary permits to initiate development and proceed to sell the lots so created.	After September 2018 with ongoing sales of land lots until December 31, 2022	The costs are described in section 2.1 – <i>Net Proceeds</i> , and consist of the normal operating expenses of the Corporation, the legal and accounting expenses associated with this Offering and the Loan. And include: Development bond: \$600,000 Engineering: \$180,000.00 Planner: \$65,000.00 Surveying: \$50,000.00 Operations: \$200,500.00 Consulting Fees: \$310,000.00

As indicated, the Corporation may redeem the Shares earlier than any of these milestones on the terms provided herein. As these long-term objectives progress the Corporation shall monitor the performance of the Developer and the market for the Land.

### 3.11 SHORT-TERM OBJECTIVES

The Corporation's short-term objective is to complete this Offering and use the net proceeds as described herein. The objectives over the next 12 months are as follows.

Objective	Timing	Anticipated cost
Close the First Tranche, including all related steps described herein	By December 30, 2017	\$6,439,000.00 consisting of \$6,400,000.00 in payouts of the existing mortgages in favour of the new Mortgage, together with a \$39,000.00 allocation for transaction-related expenses.
Close the Second Tranche, including all related steps described herein	By February 28, 2018	\$1,405,000.00, consisting of \$1,100,000.00 as a down payment against the Real Estate Purchase Contract, \$305,000 in operating expenses and \$5,000.00 allocated for transaction-related expenses.
Close the Third Tranche, including all related steps described herein	By September 15, 2018	\$5,311,000.00, consisting of \$5,300,000.00 as the balance of the purchase price under the Real Estate Purchase Contract, and \$11,000.00 allocated for transaction-related expenses.
Close the Fourth Tranche, including all related steps described herein, as the Corporation may determine	As the Corporation may deem necessary in stages to fund the Developer's completion of the development	The costs are described in section 2.1 – <i>Net Proceeds</i> , and consist of the normal operating expenses of the Corporation, the legal and accounting expenses associated with this Offering and the Loan.

### 3.12 INSUFFICIENT PROCEEDS

The proceeds of the Offering are being closed in tranches as to ensure that the proceeds are sufficient to be secured regarding each tranche as described herein. In the event of a shortfall regarding operational requirements, alternative secondary financing (whether by debt or equity) may be pursued to assist the Corporation in advancing sufficient funds to the Developer to complete the development. There can be no assurance that alternative secondary financing will be secured by the Corporation on terms acceptable to the Corporation or at all. See "Risk Factors".

### 3.13 MATERIAL AGREEMENTS

The Corporation has entered into material agreements as follows:

1. A Loan Agreement and General Security Agreement with the Vendor, Developer and the Mortgage Administrator dated March 29, 2017; and
2. A Mortgage Administration Agreement dated March 29, 2017; with the Mortgage Administrator.

The terms of these agreements reflect the terms described in this Offering Memorandum, and in particular specify that the funds raised by this Offering, up to \$15.5 million, will be advanced to the Mortgage Administrator pursuant to the Mortgage Administration Agreement and will thereafter be loaned to the Developer pursuant to the Loan Agreement solely for the purpose of, and on terms which specifically incorporate by reference, the terms of this Offering Memorandum.

The Mortgage Administration Agreement designates the Mortgage Administrator to administer the Mortgage solely for the purpose of, and on terms which specifically incorporate by reference, the terms of this Offering Memorandum. All costs of the Mortgage Administrator are paid by the Corporation however no other compensation is paid to the Mortgage Administrator pursuant to the Mortgage Administration Agreement.

As the Corporation shares common Directors with the Developer, the contracts between them are declared to be between non-arm's-length parties.

The Mortgage Administrator does not share common directors or officers or shareholders with the Corporation or the Developer, nor is it a subsidiary of either, but was incorporated and is controlled independently specifically for the purposes of administering the Mortgage independently from the Corporation or the Developer.

Other management and service contracts will be negotiated, placed and renewed or renegotiated by the Corporation as needed.

### **3.14 PAYMENTS TO RELATED PARTIES**

All payments made by the Corporation to the Developer or the reverse are declared to be between non-arm's-length parties. In addition, the commissions paid to agents for the sale of Shares as provided for in this Offering Memorandum may in the ordinary course of business be paid to insiders of either the Corporation or the Developer, as well as others, if they act in the capacity of agent as contemplated by this Offering Memorandum for that purpose.

### **3.15 TRANSFER OF SHARES**

The Shares are subject to an indefinite hold period under the Securities Act. Provided there is compliance with the restrictions of the *Securities Act* (Alberta), the ABCA and all Applicable Securities Laws regarding the transfer of securities acquired under this Offering, the Corporation will not oppose the transfer of any Shares. The purchaser needs to make themselves aware of these restrictions.

At the end of the Term the Corporation shall redeem the Shares and shall repay to the holder the face value of the Shares and the Interest.

### **3.16 ACCOUNTING AND REPORTING TO THE SHAREHOLDERS**

The Corporation's fiscal year end is December 31. Attached to this Offering Memorandum are the audited financial statements of the Corporations as at December 31, 2016.

### **3.17 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

The following table sets out information about each of the directors and officers of the Corporation and each person who, directly, beneficially owns or controls 10% or more of any class of Corporation's voting securities:

<b>Name and Municipality of Principal Residence</b>	<b>Position Held</b>	<b>Compensation Paid by the Corporation for the Most Recent Financial Year End/Projected for Current Financial Year</b>	<b>Securities of Issuer to be held after Minimum Offering</b>	<b>Securities of Issuer held after Maximum Offering</b>
Gary Zhang	President and Director	\$0/\$0	0	0
Neil Baisi Calgary, Alberta	Vice-President and Director	\$0/\$0	0	0
Les Baisi Calgary, Alberta	Secretary, Treasurer and Director	\$0/\$0	0	0
Pham Geomatics Solutions Inc. Calgary, Alberta	Shareholder and Promoter	Nil	2 Class "B" Common	2 Class "B" Common
Sierra Investments Inc. Calgary, Alberta	Shareholder and Promoter	Nil	6 Class "B" Common	6 Class "B" Common

### 3.18 MANAGEMENT EXPERIENCE

The following discloses the principal occupations of the directors and senior officers of the Corporation and their previous experience:

Name	Principal Occupations and related experience
<p>Gary Zhang President and Director</p>	<p>Gary Zhang is the President of Westpeaks Properties Inc. He is also the President of Silver Valley Developments Inc. which develops residential and commercial lands.</p> <p>Gary Zhang is the Founder and President of MRF Geosystems Corporation since 1992. He has extensive business management, consulting, software development, and implementation experience in Geographical Information Systems (“GIS”). MRF’s GIS software products have been licensed to more than 6,000 users in over 40 countries.</p> <p>Gary Zhang received his B.Sc. in 1983 from Wuhan University, China; M.Eng in 1986 from Southwestern Jiaotong University, China; and M.Sc. in 1989 from University of Calgary. Gary Zhang has more than 20 publications.</p> <p>Gary Zhang has been a volunteer board member of TRTech which is a not-for-profit organization that provides Information and Communication Technology services to small and medium sized companies in Alberta and Manitoba.</p>
<p>Neil Baisi Vice-President and Director</p>	<p>Neil Baisi has been in the real estate business in numerous capacities starting in 1972 and continuing to date. His experience ranges from construction supervisor with Cedarglen Homes in the 1970s and continued with land-related merger and acquisition work with Heidi Homes Ltd. including the acquisition of companies such as Walston Equities for the purpose of financing land acquisitions. Neil Baisi has been responsible for land acquisitions, planning future highest and best use for acquired land, as well as re-zonings and dealings with various governmental departments.</p> <p>From 1983 to 1990 Neil Baisi engaged in commercial real estate on a full-time basis and dealt with large projects such as the sale of the 1988 Olympic Village, transacting large apartment buildings and large development land sales, and received 6 yearly performance awards during this time.</p> <p>From 1991 to present Neil Baisi has privately initiated and in some cases built small and median developments with companies such as New Star Capital Corporation and Terastar Developments Inc. For 2 years Neil Baisi also worked with a company called Polymer Science participating in the development of roofing material and other polymers that would be useful to residential and commercial builders. Neil Baisi is presently involved with Sierra Developments Inc. developing several large properties in Red Deer Alberta.</p>
<p>Les Baisi Secretary, Treasurer and Director</p>	<p>Les Baisi has over 25 years’ experience in real estate, both in construction since 1976 and as a very experienced realtor since 1985. Les Baisi has undertaken many inner-city developments, including multi-family, 4-plex and duplex projects, as well as larger joint venture land development projects through Eco-Logic Developments Inc. and Eco Living Inc. Les Baisi has maintained throughout this period an active residential and commercial real estate sales business, being currently licensed with Maxwell South Star Realty, and he is specifically qualified for commercial real-estate transactions.</p>

The following discloses the principal occupations of the directors and senior officers of the Developer and their previous experience:

<b>Name</b>	<b>Principal Occupations and related experience</b>
<p>Gary Zhang President and Director</p>	<p>Gary Zhang is the President of Westpeaks Properties Inc. He is also the President of Silver Valley Developments Inc. which develops residential and commercial lands.</p> <p>Gary Zhang is the Founder and President of MRF Geosystems Corporation since 1992. He has extensive business management, consulting, software development, and implementation experience in Geographical Information Systems (“GIS”). MRF’s GIS software products have been licensed to more than 6,000 users in over 40 countries.</p> <p>Gary Zhang received his B.Sc. in 1983 from Wuhan University, China; M.Eng in 1986 from Southwestern Jiaotong University, China; and M.Sc. in 1989 from University of Calgary. Gary Zhang has more than 20 publications.</p> <p>Gary Zhang has been a volunteer board member of TRTech which is a not-for-profit organization that provides Information and Communication Technology services to small and medium sized companies in Alberta and Manitoba.</p>
<p>Neil Baisi Vice-President and Director</p>	<p>Neil Baisi has been in the real estate business in numerous capacities starting in 1972 and continuing to date. His experience ranges from construction supervisor with Cedarglen Homes in the 1970s and continued with land-related merger and acquisition work with Heidi Homes Ltd. including the acquisition of companies such as Walston Equities for the purpose of financing land acquisitions. Neil Baisi has been responsible for land acquisitions, planning future highest and best use for acquired land, as well as re-zonings and dealings with various governmental departments.</p> <p>From 1983 to 1990 Neil Baisi engaged in commercial real estate on a full-time basis and dealt with large projects such as the sale of the 1988 Olympic Village, transacting large apartment buildings and large development land sales, and received 6 yearly performance awards during this time.</p> <p>From 1991 to present Neil Baisi has privately initiated and in some cases built small and median developments with companies such as New Star Capital Corporation and Terastar Developments Inc. For 2 years Neil Baisi also worked with a company called Polymer Science participating in the development of roofing material and other polymers that would be useful to residential and commercial builders. Neil Baisi is presently involved with Sierra Developments Inc. developing several large properties in Red Deer Alberta.</p>
<p>Les Baisi Secretary, Treasurer and Director</p>	<p>Les Baisi has over 25 years’ experience in real estate, both in construction since 1976 and as a very experienced realtor since 1985. Les Baisi has undertaken many inner-city developments, including multi-family, 4-plex and duplex projects, as well as larger joint venture land development projects through Eco-Logic Developments Inc. and Eco Living Inc. Les Baisi has maintained throughout this period an active residential and commercial real estate sales business, being currently licensed with Maxwell South Star Realty, and he is specifically qualified for commercial real-estate transactions.</p>

### 3.19 CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

To our knowledge, no director or executive officer of the Corporation or the Developer is, or has been in the last ten years, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) that, (i) while that person was acting in that capacity was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days, (ii) was subject to an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer, which resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days, or (iii) while that person was acting in the capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No director, executive officer or shareholder holding a sufficient number of Common Shares to affect materially the control of the Corporation: (i) has been subject to, (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or (ii) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromises with creditors, or had a receiver, receiver manager or trustee appointed to hold his or its assets.

## 4 CAPITAL STRUCTURE

### 4.1 SHARE CAPITAL

The following sets out the capital structure of the Corporation as at the date indicated:

Description of Security	Number Authorized Issued	Number Outstanding as of February 28, 2017	Number Outstanding After Maximum Offering
Class "A" Non-voting Common	Unlimited	80,500	80,500
Class "B" Voting Common	Unlimited	8	8
First Preferred Shares	Unlimited	8,500	8,500
Series B Preferred Shares	Unlimited	0	15,500

The Class "A" Non-voting Common shares are owned by Olympia Trust Company in trust for various RRPS investors who purchased 500 Class "A" Non-voting Common shares each to qualify the Corporation to make the election with Canada Revenue Agency to become a public company under the *Income Tax Act*. They were paid a fee (dividend) for this.

The rights, privileges, restrictions and conditions of each of the classes of shares of the Corporation are as follows:

#### Class "A" Non-voting Common

Holders of Class A Non-Voting Common Shares are entitled to the following rights, restrictions and conditions:

- (a) No right to notice of, to attend, or to vote at meetings of the shareholders of the Corporation;
- (b) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when, and if declared on the Class A Common shares by the Corporation;
- (c) Notwithstanding (b), no dividend may be declared or paid on the Class A



Common shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem all shares of the Corporation then outstanding having attached thereto a redemption or retraction right; and (d) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.

#### Class "B" Voting Common

Holders of Class B Voting Common Shares are entitled to the following rights, restrictions and conditions:

(a) The right to vote at any meeting of the shareholders of the Corporation; (b) The Class B Shareholders are not entitled to participate in the profits of the Corporation and are not entitled to receive any dividends; and (c) The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to share in the remaining property of the Corporation upon dissolution.

#### First Preferred Shares, Series "A"

In addition to the above shares, the Corporation is also authorized to issue an unlimited number of First Preferred shares. These shares were issued in respect of a different transaction and are not related to this Offering Memorandum.

#### Series B Preferred Shares

In addition to the above shares, the Corporation is also authorized to issue an unlimited number of Series B Preferred shares. These shares are nonvoting and bear interest at 10% per annum, compounded annually, accumulated and paid upon redemption.

The Shares issued by this Offering are created pursuant to the discretion granted to the directors of the Corporation and reflect the terms herein. The holders of the Shares shall be paid at the end of the Term:

1. the face value of the Shares (\$1,000 per Share); and
2. the Interest.

#### **4.2 LONG TERM DEBT**

The Corporation does not presently have any outstanding long-term debt.

#### **4.3 PRIOR SALES**

Section 4.1 sets forth all prior issuances of securities of the Corporation, further details of which follow:

1. Tarman Inc. purchased 5 Class B Voting Common Shares upon the incorporation of the Corporation on April 17, 2013.
2. 161 purchasers bought 80,500 Class A Non-Voting Common Shares between June 14 and June 21, 2013 at a price of \$1.00 per share, all through Olympia Trust Company in trust for RRSP holders and for the purpose of qualifying the Corporation as a public company.
3. On January 30, 2014 Sierra Developments Inc. purchased the 5 Class B Voting Common Shares from Tarman Inc., to become the sole voting shareholder of the Corporation.
4. The Corporation issued 8,500 First Preferred Shares between December 17, 2014 and June 15, 2015 at \$1,000 per share.
5. On February 28, 2017, the Corporation issued 2 Class B Voting Common Shares to Pham Geomatics Solutions Inc.
6. On February 28, 2017, the Corporation issued 1 Class B Voting Common Shares to Sierra Developments Inc.

7. No series B preferred shares have been issued.

## **5 DESCRIPTION OF SECURITIES OFFERED**

### **5.1 TERMS OF SECURITIES**

The Corporation is offering for sale a maximum of 15,500 Shares (\$15,500,000.00) at a price of \$1,000 per share to qualified purchasers in the Selling Jurisdictions and in such other jurisdictions as may be determined by the Corporation, in reliance upon exemptions from the prospectus and registration requirements of Applicable Securities Laws. The terms and attributes of the Shares are set forth in Item 4.1.

### **5.2 SUBSCRIPTION PROCEDURE**

You will be provided with this Offering Memorandum and a Subscription Agreement by the Corporation. If you wish to purchase Shares under this Offering in reliance upon the exemption in section 2.9 of National Instrument 45-1.6, you must complete or provide:

- (a) the Subscription Agreement in the form attached in Schedule B to this Offering Memorandum (execution copies will be provided for completion);
- (b) the Risk Acknowledgment form and Eligible Investor Certificate annexed as Schedule I to the Subscription Agreement;
- (c) a certified cheque or bank draft in the amount of the investment payable to “Michael A. Loberg Professional Corporation, in trust for Westpeaks Properties Inc.”; and
- (d) such other documents as may be requested by the Corporation or its legal counsel,

and return the applicable completed forms together with payment to the Corporation's legal counsel Michael A. Loberg Professional Corporation, at 1000 Bankers Hall West, 888 – 3rd Street SW, Calgary, Alberta, T2P 5C5, Attention: Michael A. Loberg, at least two (2) business days prior to closing.

The Corporation undertakes to hold all subscription funds in trust until the closing and will return subscription funds to you without interest or deduction if: (a) you give notice to the Corporation of cancellation of your subscription no later than midnight on the second business day after you sign the Subscription Agreement; or (b) if the subscription is not accepted. The Corporation reserves the right to reject or allot subscriptions, in whole or in part, and to close subscriptions at any time without notice.

The (initial) closing of the sale of the Shares will occur as soon as the minimum offering required to close Tranche 1 is achieved and thereafter, on such date or dates as may be determined by the Corporation until the Maximum Offering is achieved or until the Corporation determines that the Offering will be terminated.

## 6 INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

### 6.1 DEFERRED PLAN ELIGIBILITY OF THE SHARES

**You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.**

The Corporation has elected, by filing form T2073 with CRA, to be deemed to be a “public corporation” for purposes of the Tax Act, including provisions governing qualified investments for Deferred Plans. The Corporation will continue to be a public corporation until such time it elects not to be a public corporation or the Minister gives notice to the Corporation that the Corporation is designated not to be a public corporation.

As such, the Corporation’s Shares should be eligible to be held in Deferred Plans pursuant to the Tax Act and Regulations.

There are additional requirements for a TFSA, RRSP or RRIF in order for the Shares not to be a “prohibited investment” which would be subject to a special tax. The Shares will be a “prohibited investment” if the account holder does not deal at “arm’s length” with the Corporation or the account holder is a “specified shareholder” of the Corporation as defined in the Tax Act, generally a person who has a 10% or greater interest in the Corporation together with non-arm’s length persons. Assuming the account holder meets the above requirements, the Shares will not be a “prohibited investment”.

**There can also be additional special taxes for a TFSA, RRSP or RRIF on certain tax “advantages” that unduly exploit the attributes of a TFSA, RRSP or RRIF, including “advantages” on “prohibited investments” and on “non-qualified investments”.** The rules in the Tax Act that constitute an “advantage” are quite broad, therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

**The income tax information contained in this Item 6.1 was provided by Grant Thornton LLP, and it is based on the current provisions of the Tax Act, the Regulations thereunder and published administrative practices of the CRA. The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.**

**This summary is of a general nature only and is not intended to be legal, tax or business advice to any particular prospective purchaser of Shares. Consequently, Subscribers should seek independent professional advice regarding the income tax consequences of investing in the Shares, based upon their own particular circumstances.**

## 7 COMPENSATION PAID TO SELLERS AND FINDERS

A commission of up to 6% of the sale proceeds from the sale of Shares may be paid to agents or individuals who act on behalf of the Corporation in the sale of the Shares. The Corporation will be responsible for the payment of any commissions to such agents or individuals from the proceeds of the Offering. The maximum commission that will be payable by the Corporation is \$930,000.00.

## 8 RISK FACTORS

In addition to the factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Shares. The following is a summary only of the risk factors involved in an investment in the Shares. Prospective investors should review the risks with their legal and financial advisers.

## **8.1 RISKS OF REAL PROPERTY DEVELOPMENT AND MORTGAGES THEREON**

The Loan will be repaid by the Developer from profits generated on real estate development, and the security for the Loan is a mortgage on development lands. Accordingly, the risks associated with the Shares are intimately connected to the performance of the Loan by the Developer and the value of the Mortgage securing the repayment of the Loan for the benefit of the holders of the Shares and the Corporation.

Real estate developments and investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include changes in general economic conditions (including but not limited to the availability and cost of mortgage funds), local conditions (such as the supply of residential or other real estate in the area), government regulation (such as taxation of property and environmental legislation) and the attractiveness of properties to potential purchasers. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. The income generated by the Developer is dependent upon these conditions and, accordingly, the return to investors in the Shares may be affected by changes in these conditions to the extent that they impact the ability of the Developer to repay the Loan and the security for the Loan provided by the Mortgage.

The Developer will be required to make certain significant expenditures in respect of its business including, but not limited to, the payment of property taxes, maintenance costs, development expenses, insurance costs, management costs and related charges which must be made regardless of whether or not a property is producing sufficient income to service such expenses, and the ability of the Developer to service the Loan will be impacted by these expenses.

## **8.2 HIGHLY SPECULATIVE**

The purchase of the Shares is highly speculative. A potential Subscriber should buy them only if it is able to bear the risk of the entire loss of its investment and has no need for immediate liquidity. An investment in the Shares should not constitute a major portion of a Subscriber's portfolio.

## **8.3 INVESTMENT NOT LIQUID**

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and for the perceived desirability of, the investment. The costs of holding real estate are considerable and the Developer, as a holder of real estate may be faced with ongoing expenditures with little prospect of incoming receipts, which in turn may impact the Corporation's interests in the Loan and the Mortgage. Such illiquidity may tend to limit the Developer's ability to vary its asset base promptly in response to changing economic or investment conditions. If the Developer were required to liquidate its real property investments, the proceeds to the Corporation might be less than the total value of its investment on a going concern basis.

A Subscriber will only be able to sell its Shares to third parties and recover any part of their investment subject to the Applicable Securities Legislation.

The Shares are not redeemable by the option of the holder, but are redeemable or retractable at the option of the Corporation prior to the Term, all on the terms specified in this Offering Memorandum.

## **8.4 RISKS APPLICABLE TO THE CORPORATION'S BUSINESS**

The Corporation is not carried on and does not intend to carry on active business operations. Its short and long-term objectives are to generate revenue from the Loan from funds advanced to the Developer. Any return on investment is wholly dependent on distributions it receives from the Developer.

## **8.5 COMPETITION**

The Corporation competes with other investors, developers, and owners of properties for investment in the development and sale of desirable real estate properties. Some of the commercial, retail and residential properties of the competitors of the Corporation are newer, better located or better capitalized than the Lands. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the Corporation. The existence of competing developers and owners could have a material adverse effect on the ability of the

Developer to develop, market or operate the Lands and could adversely affect the revenues or profitability of the Developer and its ability to meet its debt obligations.

#### **8.6 POTENTIAL FOR CONFLICT OF INTEREST**

Certain of the directors and officers of the Corporation are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Corporation. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. All decisions to be made by such directors and officers involving the Developer and the Corporation are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Developer and the Corporation. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest. Notwithstanding the foregoing, by investing in the Shares you acknowledge that you understand, accept and waive these conflicts.

#### **8.7 ENVIRONMENTAL MATTERS**

Under various environmental laws, ordinances and regulations, the current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws could impose liability whether or not the Developer or the Corporation knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, could adversely affect the Developer's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Developer, all of which would impact the Loan and the Mortgage. The Corporation is not aware of any material non-compliance with any environmental laws with respect to any of the Lands. The Corporation is also not aware of any claims in connection with the breach of environmental laws involving the Lands.

#### **8.8 GENERAL REAL ESTATE RISKS**

Various factors can affect the timing and profitability of residential real estate operations. While the Developer and the Corporation have made certain plans for the Lands, there is no assurance that such plans will be met on a timely basis or at all. There is also no assurance that the development of the Lands can be conducted profitably. The Corporation will be subject to risks inherent in investing in operations related to the development of real estate including without limit: (i) required repairs and related unforeseen delays in repair, (ii) the incurring of construction and development costs in advance of securing rental or sales revenue, (iii) the possibility of declining revenues against fixed or increasing expenses, (iv) the inability to secure financing required for operations, including for any unanticipated major repair, (v) the inability to sell the property if so desired or required, and (vi) fluctuations in demand and supply for such commercial residential property. The market for such property can be affected by economic factors, which may be regional, national or international in scope.

#### **8.9 MARKET RISKS**

The economic performance and value of the Corporation's interest in the Loan, the Mortgage, and its consequential interest in the Lands will be subject to all of the risks associated with investing in real estate, including:

- (a) changes in the national, regional and local economic climate;
- (b) Local conditions, including an oversupply of properties like the Lands, or a reduction in demand for properties like the Lands;
- (c) the attractiveness of all or parts of the Lands to developers;
- (d) competition from other available properties; and
- (e) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

#### **8.10 OPERATING HISTORY**

The Corporation has been incorporated for the purpose stated herein and does not have a record of achievement to be relied upon. The Corporation's operations are subject to all the risks inherent in the establishment of a new business enterprise, including a lack of operating history. The Corporation cannot be certain that its investment strategy will be successful. The likelihood of success of the Corporation must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business and real estate investment and development. If the Corporation or the Developer fails to address any of these risks or difficulties adequately, its business will likely suffer. Future revenues and profits, if any, will depend upon various factors, including the success of the development and the marketability of the Lands by the Developer, government regulations and enforcement, and general economic conditions. There is no assurance that the Corporation can operate profitably or that the Corporation will successfully implement its plans.

#### **8.11 RELIANCE ON MANAGEMENT**

Decisions regarding the management of the Corporation's affairs will be made exclusively by the officers and directors of the Corporation. Accordingly, investors must carefully evaluate the personal experience and business performance of the officers and directors of the Corporation. The Corporation may retain independent contractors to provide services to the Corporation. These contractors have no fiduciary duty owed to the Shareholders or the Corporation.

#### **8.12 TAX ASPECTS**

Canadian federal and provincial tax aspects should be considered prior to investing in the Shares. The return on a Limited Partner's investment is subject to changes in Canadian tax laws. There can be no assurance that tax laws, regulations or judicial or administrative interpretations will not be changed in a manner which fundamentally alters the tax consequences to investors holding or disposing of Shares.

#### **8.13 SHARES NOT INSURED**

The Corporation is not a member institution of the Canada Deposit Insurance Corporation and the Shares offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

#### **8.14 MAJOR ASSET**

The Loan and the Mortgage in relation to the Lands will represent a major asset of the Corporation and therefore the Corporation's financial performance is directly tied to the performance of this particular asset. The Corporation does not have a large portfolio of diverse real estate assets, therefore its success is dependent on the success of the development of the Lands.

#### **8.15 DEBT FINANCING**

The Corporation will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by the real property of the Corporation will not be able to be refinanced or that the terms of the refinancing will not be as favourable as the terms of the existing indebtedness.

#### **8.16 INTEREST RATE FLUCTUATIONS**

The Corporation's financing includes indebtedness with interest rates which may fluctuate over time and which will result in fluctuations in the Corporation's cost of borrowing.

## **8.17 ADDITIONAL FUNDING REQUIREMENTS**

The Corporation's cash flow from its operations may not be sufficient to fund its ongoing activities at all times and from time to time, the Corporation may require additional financing in order to carry out its operations and activities. There is risk that if the economy and banking industry experienced unexpected and/or prolonged deterioration, the Corporation's access to additional financing may be affected.

Because of global economic volatility, the Corporation may from time to time have restricted access to capital and increased borrowing costs. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain opportunities and reduce or terminate its operations. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to pursue its business strategy may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's business may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms.

## **8.18 INTERIM FINANCING REQUIREMENTS**

No interim financing is required.

## **9 REPORTING OBLIGATIONS**

The Corporation is not a reporting issuer in any of the provinces or territories of Canada. Shareholders will receive financial statements of the Corporation and information as required under the ABCA.

## **10 RESALE RESTRICTIONS**

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation, comply with all other securities legislation, and then only with the consent of the Corporation. Unless permitted under securities legislation, you cannot trade the Shares before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

This offering is only intended to be sold in Alberta, Ontario and British Columbia.

## **11 PURCHASER'S RIGHTS**

A Subscriber to this Offering will have certain rights, some of which are described below. For information about their rights, a potential Subscriber should consult a lawyer.

### **11.1 ALBERTA**

If a Subscriber is a resident of Alberta, it will have the following rights.

1. **Two Day Cancellation Right** – A Subscriber can cancel its agreement to purchase the securities offered by this Offering Memorandum. To do so, a subscriber must send a written notice to the Corporation by midnight on the 2<sup>nd</sup> business day after such Subscriber signs the agreement to buy the securities.
2. **Statutory Rights of Action** – In the event of a misrepresentation, securities legislation provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the issuer or selling security holder on whose behalf the distribution is made if this Offering Memorandum or any amendment hereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits.

Purchasers should refer to the applicable provisions of the applicable securities legislation for particulars of those rights or consult a lawyer,

3. **Contractual Rights of Action in the Event of a Misrepresentation** – If there is misrepresentation in this Offering Memorandum a Subscriber has the statutory right to sue the Corporation:
  - (i) to cancel its agreement to buy the Shares, or
  - (ii) for damages against the Corporation.

This statutory right to sue is available to a Subscriber whether or not such Subscriber relied on the misrepresentation. However, there are various defences available to the persons or companies that a Subscriber has a right to sue. In particular, they have a defence if such Subscriber knew of the misrepresentation when it purchased the securities.

If a Subscriber intends to rely on the rights described in (3)(i) or (ii) above, it must do so within strict time limitations. A Subscriber must commence its action to cancel the agreement within 180 days from the date of the transaction that gave rise to the cause of action. A Subscriber must commence its action for damages within the earlier of 180 days from the day that it first had knowledge of the facts giving rise to cause of action or three years from the day of the transaction which gave rise to the cause of action.

## 11.2 **BRITISH COLUMBIA**

If a Subscriber is a resident of British Columbia, it will have the following rights.

1. **Two Day Cancellation Right** – A Subscriber can cancel its agreement to purchase the securities offered by this Offering Memorandum. To do so, a Subscriber must send a written notice to the Corporation by midnight on the 2nd business day after such Subscriber signs the agreement to buy the securities.
2. **Contractual Rights in the Event of a Misrepresentation** - If there is a misrepresentation in this Offering Memorandum, a Subscriber has a statutory right to sue the Corporation:
  - (i) to cancel its agreement to buy the Shares, or
  - (ii) for damages

This contractual right to sue is available to a Subscriber whether or not it relied on the misrepresentation. However, in an action for damages, the amount a Subscriber may recover will not exceed the price that it paid for its Shares and will not include any part of the damages that the Corporation proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Corporation has a defence if it proves that the Subscriber knew of the misrepresentation when it purchased the securities.

If a Subscriber intends to rely on rights described in (2)(i) or (ii) above, it must do so within strict time limitations. A Subscriber must commence its action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. A Subscriber must commence its action for damages within the earlier of 180 days after learning of the misrepresentation and three years after the date of the transaction that gave rise to the cause of action.

The Corporation acknowledges that the limitation period described above extends the limitation period by the *Limitations Act* (Alberta) and agrees to the extension.



### 11.3 ONTARIO

If a Subscriber is a resident of Ontario, it will have the following rights.

1. **Two Day Cancellation Right** – A Subscriber can cancel its agreement to purchase the securities offered by this Offering Memorandum. To do so, a subscriber must send a written notice to the Corporation by midnight on the 2<sup>nd</sup> business day after such Subscriber signs the agreement to buy the securities.
2. **Statutory Rights of Action** – In the event of a misrepresentation, securities legislation provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the issuer or selling security holder on whose behalf the distribution is made if this Offering Memorandum or any amendment hereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the applicable securities legislation for particulars of those rights or consult a lawyer,
3. **Contractual Rights of Action in the Event of a Misrepresentation** – If there is misrepresentation in this Offering Memorandum a Subscriber has the statutory right to sue the Corporation:
  - (iii) to cancel its agreement to buy the Shares, or
  - (iv) for damages against the Corporation.

This statutory right to sue is available to a Subscriber whether or not such Subscriber relied on the misrepresentation. However, there are various defences available to the persons or companies that a Subscriber has a right to sue. In particular, they have a defence if such Subscriber knew of the misrepresentation when it purchased the securities.

If a Subscriber intends to rely on the rights described in (3)(i) or (ii) above, it must do so within strict time limitations. A Subscriber must commence its action to cancel the agreement within 180 days from the date of the transaction that gave rise to the cause of action. A Subscriber must commence its action for damages within the earlier of 180 days from the day that it first had knowledge of the facts giving rise to cause of action or three years from the day of the transaction which gave rise to the cause of action.

The Corporation acknowledges that the limitation period described above extends the limitation period by the *Limitations Act* (Alberta) and agrees to the extension.

## 12 FINANCIAL STATEMENTS

### 12.1 WESTPEAKS PROPERTIES INC. FINANCIAL STATEMENTS

Please see Schedule C - Westpeaks Properties Inc. Financial Statements for the financial statements and notes to the financial statements. Please also see the Silver Valley Developments Inc. Financial Statements as at Dec. 31, 2016 at Schedule "C".

## 13 SPECIFIC DISCLOSURE PURSUANT TO FORM 45-509F

The following sections are provided to specifically provide the mandatory disclosure required by the Alberta Securities Commission Rule 45-509, *Offering Memorandum for Real Estate Securities*, many of which have been dealt with above and are addressed by reference to the other sections of this Offering Memorandum.

### **13.1 (45-509F ITEM 2.1) - THE REAL ESTATE SECURITY**

The Shares represent an investment in the Corporation's Loan to the Developer of the amount raised by this Offering, secured by the Mortgage on the Lands. Each Share provides Interest of 10% per annum, compounded annually, accrued and not paid until the redemption of the Shares by the Corporation at the expiration of the Term.

The returns provided by these real estate securities aforesaid are not guaranteed but are contingent upon the performance of the development of the Lands by the Developer for the repayment of the Loan, or upon the realization yielded by the enforcement of the Mortgage in the event of a default by the Developer.

The agreements that the Purchaser must enter into are set out in section 5.2 of this offering memorandum and are attached to this Offering Memorandum.

### **13.2 (45-509F ITEM 2.2) PURCHASER'S INTEREST IN REAL PROPERTY**

A purchaser of a Share does not obtain an interest in real property. The purchaser obtains an interest in the performance of the Loan, secured by the Mortgage. The purchaser does obtain an interest in the Mortgage, as administered by the Mortgage Administrator, as the Mortgage is administered for the credit of the purchasers of the Shares in the first instance.

The redemption value of the Shares and the Interest is secured by the Mortgage.

### **13.3 (45-509F ITEM 2.3) SUBSCRIPTION PROCEDURE**

The subscription procedure is set out in Item 5.2 and is subject to the minimum tranches as described in Item 2 of this Offering Memorandum. Funds received pursuant to the subscription procedure will be held in trust until closing, and in any event for not less than two business days prior to the minimum offering being closed.

### **13.4 (45-509F ITEM 3.1) REAL ESTATE PROJECT**

The Land is described in the title included in Schedule "A" and the Appraisal Report attached hereto as Schedule D. The proceeds of the Offering will be loaned to the Developer and used in accordance with the Use of Proceeds set out in this Offering Memorandum for the purposes of developing the Lands from their current state, bare farmland, further towards being deployed for residential lots and commercial real estate uses. The Shares issued pursuant to this Offering are expected to be outstanding for the Term (five years) at which time the Shares shall be redeemed by the Corporation; however, the Corporation reserves the right to redeem the Shares earlier if circumstances warrant.

The Corporation does not necessarily expect the Developer to hold its interest in the Lands until the subdivided lots are vended to purchasers as individual residential lots and commercial real estate units, however that is a possibility.

### **13.5 (45-509F ITEM 3.2) REAL PROPERTY**

The Land pertaining to the real estate project is described in the Appraisal Report attached as Schedule D. Please see the Appraisal Report for the location and description, as well as copies of the titles attached as Schedule A showing the encumbrances relating to the parcels of the Land. The Developer is entitled to become the owner of the Lands. The financial encumbrances on the Land that are registered prior to the Mortgage will be discharged or subordinated by the release of the funds in accordance with the terms set out in the Use of Proceeds section of this Offering Memorandum, and therefore the Mortgage will enjoy the priority described in that section. The present use of the Land is farmland, however indications from the City of Red Deer demonstrate that its deployment as residential and commercial lots can be anticipated within the time contemplated by the Term.

There are no known environmental liabilities or hazards influencing the Lands, nor are there any tax arrears.

The ultimate development and increasing value of the Lands is contingent upon the City of Red Deer pursuing their indicated development strategy for the Lands and the surrounding area.

### 13.6 (45-509F ITEM 3.3) VALUES OF THE REAL PROPERTY

Please see the Prospective Appraisal Report attached as Schedule D, prepared by Haldane Appraisals Ltd., who are independent qualified appraisers, for the market value of the Lands based upon the current permitted use of the real property.

Please note this important fact regarding the Appraisal Report, as required under Alberta Securities Commission Rule 45-509:

**“The stated value for the Lands is an estimate only. The amount that a purchaser might actually receive if the Lands were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.”**

Every purchaser of a Share is entitled to receive, on request and without charge, a copy of the Appraisal Report, and accordingly a copy of the Appraisal Report is attached as Schedule D to this Offering Memorandum.

### 13.7 (45-509F ITEM 3.4) HISTORY OF OWNERSHIP OF THE REAL PROPERTY

The following is a history for the last two years of the ownership of the Lands:

Date of Transfer	Arm's Length or Related Party Transfer	Name and Relationship (if Related Party)	Amount and Form of Consideration Exchanged
July 26, 2012	Related-Party	Purchased by 1625183 Alberta Inc.	\$3,600,000.00 Cash and Mortgages

### 13.8 (45-509F ITEM 3.5) APPROVALS

The approvals anticipated to be required for the real estate project are as follows:

Approval Required	Anticipated Cost	Timing
NAS Plan	Nil – paid for by 1625183 Alberta Inc.	Before the closing of Tranche 1
Phase 1 Zoning	Nil – paid for by 1625183 Alberta Inc.	Before the closing of Tranche 1
Subdivision	Engineering: \$180,000.00 Planner: \$65,000.00 Surveying: \$50,000.00 Permit Bond (refundable): \$600,000.00	February 2019

### 13.9 (45-509F ITEM 3.6) CAPITAL REQUIREMENTS FOR THE DEVELOPMENT

The capital requirements for the project are as set out in Use of Proceeds.

### 13.10 (45-509F ITEM 3.7) OBJECTIVES

The objectives of the Corporation are set out in Items 3.10 and 3.11.

### 13.11 (45-509F ITEM 3.8) MATERIAL AGREEMENTS

The material agreements to be entered into are set out in Item 3.13. In the event of a breach of the Materials Agreements by the Developer the Mortgage Administrator will enforce the Mortgage.

### 13.12 (45-509F ITEM 3.9) INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The material agreements to be entered into are set out in Item 3.13, including the disclosures of related non-arm's-length parties.

**13.13 (45-509F ITEM 4) THE OFFERING**

Net Proceeds, Use of Net Proceeds, and Insufficient Proceeds are dealt with in Item 2 to this Offering Memorandum. The purchase of the Shares do not in any circumstances require the purchaser to contribute additional funds in the future.

**13.14 (45-509F ITEM 5) RISK FACTORS**

**Your rights under an agreement pertaining to real property may be construed under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with those laws before entering into an agreement to purchase the real estate securities.**

**All real estate investment is subject to significant risk arising from rapidly changing market conditions.**

See Item 8 of this Offering Memorandum for a discussion on the risk factors of this investment.

**13.15 (45-509F ITEM 6) PRIOR SALES OF THE REAL ESTATE SECURITY**

No prior sales of the Shares have occurred.

**13.16 (45-509F ITEM 7) THE ISSUER**

Please see Item 3, The Business of the Corporation, and Item 4, Capital Structure, for information regarding the Issuer.

**13.17 (45-509F ITEM 8) DIRECTORS, OFFICERS AND PROMOTERS**

Please see Item 3, The Business of the Corporation, for details on the Directors, Officers and Promoters of the Corporation

**13.18 (45-509F ITEM 9) COMPENSATION PAID TO SELLERS AND FINDERS**

Please see Item 7, Compensation Paid to Sellers and Finders.

**13.19 (45-509F ITEM 10) INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY**

Please see Item 6, Income Tax Consequences and RRSP Eligibility.

**You should consult your own professional advisers to obtain advice on the tax consequences that apply to you.**

**Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these real estate securities.**

**13.20 (45-509F ITEM 11) SUBSEQUENT INFORMATION**

**Financial or other information relating to the real estate project provided to you in the future may not by itself be sufficient for your needs – for example, to enable you to prepare your income tax returns or to assess the performance of your investment.**

### **13.21 (45-509F ITEM 12) RESALE RESTRICTIONS**

**These real estate securities are subject to resale restrictions under securities legislation. You will not be able to trade the real estate securities unless you are eligible to rely on an exemption from the prospectus and registration requirements under Alberta securities legislation. For information about these resale restrictions you should consult a lawyer.**

### **13.22 (45-509F ITEM 13) PURCHASER'S RIGHTS**

If you purchase these real estate securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. Two-Day Cancellation Right - You can cancel your agreement to purchase these real estate securities. To do so you must send a written notice to us by midnight on the 2nd day, exclusive of Saturdays and holidays, after you sign the agreement to buy the real estate securities. This right is set out in section 209.1 of the Securities Act (Alberta).

2. Rights of Action in the Event of a Misrepresentation - If this offering memorandum contains a misrepresentation, you have a right to sue (a) Westpeaks Properties Inc. to cancel your agreement to buy these real estate securities, or (b) Westpeaks Properties Inc. for damages.

These rights are set out in section 204 of the Securities Act (Alberta).

If you elect to sue to cancel your agreement, then you will no longer have a right to sue for damages against a person or company referred to in (b) above.

You have these rights to sue whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the real estate securities.

If you intend to rely on the rights described in 2(a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the real estate securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the real estate securities.

### **13.23 (45-509F ITEM 14) FINANCIAL STATEMENTS**

Financial statements are included with this Offering Memorandum.

### **13.24 (45-509F ITEM 15) DATE AND CERTIFICATE**

The certificate mandated by Rule 45-509, *Offering Memorandum for Real Estate Securities*, identical to the standard form of Offering Memorandum, follows.

[Signature Page Follows]

**14 DATE AND CERTIFICATE**

Dated: March 29, 2017

**This Offering Memorandum does not contain any misrepresentations.**

**Westpeaks Properties Inc.**

Per:

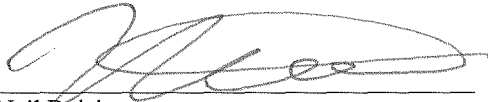


**Gary Zhang**  
President

**On behalf of the Board of Directors:**



Gary Zhang  
President



Neil Baisi  
Director



Les Baisi  
Director

## **SCHEDULE A: Legal Description of Lands**

The Land described and defined in this Offering Memorandum and the attached Appraisal Report is defined by parcel as:

Meridian 4 Range 27 Township 38

Section 35

Quarter South East

Containing 64.7 Hectares (160 Acres) More or Less

Excepting Thereout:                      Hectares                      (Acres) More Or Less

A) The Northerly Six Hundred and Sixty (660) Feet in Perpendicular Width Throughout

B) Plan 1223000 - Road                      2.57                      6.35

Copies of Titles to the Lands at the time of the offering are included in this Schedule A.



LAND TITLE CERTIFICATE

S  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0035 305 607            4;27;38;35;SE                      122 242 049

LEGAL DESCRIPTION

MERIDIAN 4 RANGE 27 TOWNSHIP 38  
SECTION 35  
QUARTER SOUTH EAST  
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:                      HECTARES (ACRES) MORE OR LESS  
A) THE NORTHERLY SIX HUNDRED AND SIXTY (660) FEET IN PERPENDICULAR  
WIDTH THROUGHOUT  
B) PLAN 1223000 - ROAD                      2.57                      6.35  
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE

MUNICIPALITY: CITY OF RED DEER

REFERENCE NUMBER: 122 240 313

-----  
REGISTERED OWNER(S)  
REGISTRATION      DATE (DMY)      DOCUMENT TYPE      VALUE                      CONSIDERATION  
-----  
122 242 049      26/07/2012      ROAD PLAN

OWNERS

1625183 ALBERTA INC.  
OF 121 ASPENMERE PLACE  
CHESTERMERE  
ALBERTA T1X 0G3  
(DATA UPDATED BY: CHANGE OF ADDRESS 162213442)

-----  
ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION  
NUMBER              DATE (D/M/Y)              PARTICULARS  
-----  
1831HT              15/11/1950      CAVEAT  
   CAVEATOR - CANADIAN NATURAL RESOURCES LIMITED.  
   ATTEN: LAND DEPARTMENT  
   2000, 425-1 STREET SW

( CONTINUED )



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 ENCUMBRANCES, LIENS & INTERESTS

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REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
		CALGARY ALBERTA T2P3L8 "DATA UPDATED BY TRANSFER OF CAVEAT REG. 832223235" (DATA UPDATED BY: TRANSFER OF CAVEAT 922044597) (DATA UPDATED BY: TRANSFER OF CAVEAT 942080011) (DATA UPDATED BY: TRANSFER OF CAVEAT 992332449)
3251KU	14/08/1957	CAVEAT CAVEATOR - IMPERIAL OIL LIMITED.
752 171 237	26/11/1975	CAVEAT CAVEATOR - RED DEER REGIONAL PLANNING COMMISSION.
832 005 669	11/01/1983	UTILITY RIGHT OF WAY GRANTEE - CANADIAN OIL & GAS INTERNATIONAL INC. SUITE 500, 340-12 AVENUE SW CALGARY ALBERTA T2R1L5 AS TO PORTION OR PLAN:8122898 "TAKES PRIORITY DATE OF CAVEAT 812004954 DATED 9-JAN-81" (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 942296984) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 112228874) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 142143011)
832 119 457	20/05/1983	UTILITY RIGHT OF WAY GRANTEE - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7 AS TO PORTION OR PLAN:8320928 (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 022255964) (DATA UPDATED BY: CHANGE OF ADDRESS 092060496)
892 301 422	20/11/1989	CAVEAT RE : AMENDING AGREEMENT CAVEATOR - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7 (DATA UPDATED BY: TRANSFER OF CAVEAT 022178262)

( CONTINUED )

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ENCUMBRANCES, LIENS & INTERESTS

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## REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS  
-----

(DATA UPDATED BY: CHANGE OF ADDRESS 092059895)

932 345 432      05/11/1993 CAVEAT  
RE : RIGHT OF WAY AGREEMENT  
CAVEATOR - CANADIAN NATURAL RESOURCES LIMITED.  
ATTEN: LAND DEPARTMENT  
2000, 425-1 STREET SW  
CALGARY  
ALBERTA T2P3L8  
(DATA UPDATED BY: TRANSFER OF CAVEAT  
992332450)

112 401 691      13/12/2011 CAVEAT  
RE : PURCHASERS INTEREST  
CAVEATOR - SOUTH RED DEER REGIONAL WASTEWATER  
COMMISSION.  
4512 - 46 STREET  
OLDS  
ALBERTA T4H1R5  
AGENT - ELIZABETH HAMILTON

122 240 314      25/07/2012 MORTGAGE  
MORTGAGEE - PMP INVESTMENTS INC.  
173 HAMPTONS SQUARE NW  
CALGARY  
ALBERTA T3A5C3  
ORIGINAL PRINCIPAL AMOUNT: \$1,650,000

152 283 417      11/09/2015 UTILITY RIGHT OF WAY  
GRANTEE - ALTALINK MANAGEMENT LTD.

162 106 817      20/04/2016 DISCHARGE OF UTILITY RIGHT OF WAY 152283417  
PARTIAL  
EXCEPT PLAN/PORTION: 1620093

162 213 443      08/08/2016 MORTGAGE  
MORTGAGEE - PHAM GEOMATICS SOLUTIONS INC.  
5135-48 ST NW  
CALGARY  
ALBERTA T3A0T2  
ORIGINAL PRINCIPAL AMOUNT: \$1,625,000

162 213 444      08/08/2016 POSTPONEMENT  
OF MORT 122240314  
TO MORT 162213443

172 060 174      06/03/2017 MORTGAGE  
MORTGAGEE - A PRIORI EQUITY PARTNERS INC.  
1000 BANKERS HALL WEST  
888-3 STREET SW

( CONTINUED )

REGISTRATION

NUMBER      DATE (D/M/Y)      PARTICULARS

-----

CALGARY  
ALBERTA T2P5C5  
ORIGINAL PRINCIPAL AMOUNT: \$15,500,000

TOTAL INSTRUMENTS: 014

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 29 DAY OF MARCH,  
2017 AT 10:46 A.M.

ORDER NUMBER:    32589842

CUSTOMER FILE NUMBER:    576805CG



\*END OF CERTIFICATE\*

-----  
THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED  
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,  
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,  
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS  
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

## **SCHEDULE B: Form of Subscription Agreement**

[Subscription agreement begins on following page]

**SUBSCRIPTION AGREEMENT**

To: **WESTPEAKS PROPERTIES INC.** (the “*Corporation*”)

The undersigned (the “*Subscriber*”) subscribes for and agrees to purchase the number of Series B preferred shares (“*Preferred Shares*”) of the Corporation indicated below at a purchase price of CDN \$1000.00 per Preferred Share (the “*Subscription Price*”), on and subject to the “Terms and Conditions of Subscription” attached to and forming part of this subscription agreement and power of attorney (the “*Agreement*”).

<p><b><u>Subscriber Signature:</u></b></p> <p>_____</p> <p>(Name of Subscriber - please print)</p> <p>By:</p> <p>_____</p> <p>(Authorized Signature)</p> <p>_____</p> <p>(Official Capacity or Title - please print)</p> <p>_____</p> <p>(Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)</p> <p><i>If subscriber is an individual, his or her signature must be witnessed by one person (witness may not be a minor or the spouse or child of the subscriber):</i></p> <p><b>Witness:</b></p> <p>_____</p> <p>Signature</p> <p>_____</p> <p>Name</p>
<p><b><u>Subscriber Information:</u></b></p> <p>_____</p> <p>(Subscriber's Address)</p> <p>_____</p> <p>_____</p> <p>(Telephone Number)</p> <p>_____</p> <p>(Fax Number)</p> <p>_____</p> <p>(Email Address)</p> <p>_____</p> <p>(Social Insurance Number/Business Number/Trust Identification Number)</p>

<p><b><u>Number of Preferred Shares:</u></b></p> <p>_____</p> <p>(Minimum of 10 shares)</p>
<p><b><u>“Aggregate Subscription Price”:</u></b></p> <p>\$ _____</p> <p>(\$1000.00 per Preferred Share)</p>
<p><b><u>Beneficial Subscriber Information:</u></b></p> <p><b>If the Subscriber is signing as agent for a principal and is not a trust company or a portfolio manager, in either case, purchasing as trustee or agent for accounts fully managed by it, complete the following and ensure that the applicable Exhibit is completed on behalf of such principal:</b></p> <p>_____</p> <p>(Name of Principal)</p> <p>_____</p> <p>(Principal's address)</p> <p>_____</p> <p>_____</p> <p>(Telephone Number)</p> <p>_____</p> <p>(Fax Number)</p> <p>_____</p> <p>(Email Address)</p>
<p><b><u>Register the Securities as set forth below:</u></b></p> <p>_____</p> <p>(Name)</p> <p>_____</p> <p>(Account reference, if applicable)</p> <p>_____</p> <p>(Address)</p>

**PRIVACY INFORMATION**

**Authorized Personnel** (i.e. personnel from the Subscriber to whom the Corporation is authorized to release information)

The Corporation shall only release information pertaining to the Subscriber's account and Corporation to the following personnel (please print):

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_

(Any changes to the above list must be approved by one of the above noted personnel and provided in writing to the Corporation.)

**To subscribe, please forward a fully completed and executed subscription agreement, together with a certified cheque or bank draft payable to Michael A. Loberg Professional Corporation, in trust for Westpeaks Properties Inc., 1000 Bankers Hall West, 888 – 3rd Street SW, Calgary, AB, T2P 5C5 or contact:**

\_\_\_\_\_ at \_\_\_\_\_ for alternate arrangements.

**TO BE COMPLETED BY THE CORPORATION ONLY**

The Corporation accepts the subscription on the terms and conditions of this Agreement, including the attached "Terms and Conditions of Subscription", for the following number of Preferred Shares:

\_\_\_\_\_

Date: \_\_\_\_\_

WESTPEAKS PROPERTIES INC.

By: \_\_\_\_\_  
Authorized Signing Officer

Subscription No:

## Terms and Conditions of Subscription

### 1. Definitions.

For purposes of this Agreement, “*Applicable Securities Laws*” means any and all securities laws, including statutes, rules, regulations, by-laws, policies, guidelines, orders, decisions, rulings and awards, applicable in the jurisdictions in which the Preferred Shares will be offered, sold and issued.

### 2. The Offering.

The Preferred Shares purchased hereunder form part of a larger offering (the “*Offering*”) of Preferred Shares by the Corporation. The minimum subscription per Subscriber is TEN (10) Preferred Shares (being an aggregate cost of \$10,000.00). Subscribers may purchase more than ten Preferred Shares in increments of 1 Preferred Share. No fractional Preferred Shares will be issued.

### 3. Subscription.

- (a) The Subscriber has completed, or will complete by the Closing Time (as defined herein), and shall deliver to the Corporation at 1000 Bankers Hall West, 888 – 3rd Street SW, Calgary, AB, T2P 5C5, a certified cheque or bank draft made payable to “**Michael A. Loberg Professional Corporation, in trust for Westpeaks Properties Inc.**”, or alternate arrangement as agreed to by the Corporation, for an amount equal to the Aggregate Subscription Price.
- (b) The Subscriber understands that the information to be provided by the Subscriber herein (including in the Exhibits hereto) are needed to ensure compliance with the requirements of the private placement exemptions under Canadian provincial securities laws, including the *Securities Act* (Alberta) and any other provincial securities act in the provinces where these Preferred Shares are sold, and all applicable laws, regulations and conventions concerning money laundering, terrorist financing and similar activities (including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Freezing of Assets of Corrupt Foreign Officials Act* (Canada)), the Preferred Sharing and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “**USA Patriot Act**”), the regulations thereunder the United States Executive Order 13224 (collectively, the “**Anti-Money Laundering Acts**”) and to determine whether the Subscriber meets the other applicable requirements of the Corporation. The Subscriber also understands that information to be provided by the Subscriber will enable the Corporation to discharge its responsibilities under private placement exemptions under Applicable Securities Laws and the Anti-Money Laundering Acts, and that the Corporation will rely upon the information contained herein, including the information supplied by the Subscriber on Exhibit I hereto, in connection therewith.
- (c) The Subscriber acknowledges that becoming a preferred shareholder in the Corporation is subject to the acceptance of this subscription, in whole or in part, by the Corporation, and to the certified cheque or bank draft representing the amounts specified in Section 3(a) being honoured upon presentation for payment or a wire transfer for such amounts received by the Corporation. This Agreement and the Aggregate Subscription Price shall be returned to the Subscriber at the address indicated on the face page hereof if this Agreement is not accepted. In the event that the Corporation accepts this subscription for and allots less than the full number of Preferred Shares subscribed for, the balance of the initial drawdown relating to Preferred Shares subscribed for but not accepted or allotted shall be returned to the undersigned without interest or deduction.

### 4. Acknowledgements of the Subscriber

The Subscriber (and, if applicable, any principals on whose behalf the Subscriber is acting) acknowledges and agrees that:

- (a) **AN INVESTMENT IN THE PREFERRED SHARES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND THE SUBSCRIBER MAY LOSE HIS, HER OR ITS ENTIRE INVESTMENT;**

- (b) the Corporation has the right to accept or reject the Subscriber's subscription in whole or in part;
- (c) the sale of the Preferred Shares to the Subscriber is conditional upon such sale being exempt from the prospectus and registration requirements of Applicable Securities Laws or upon the issuance of such rulings, orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or the involvement of a registrant;
- (d) no prospectus has been filed by the Corporation in connection with the Offering, the issuance is exempted from the prospectus requirements under Applicable Securities Laws, and:
  - (i) the Subscriber is restricted from using certain of the statutory protections, rights and remedies available under Applicable Securities Laws,
  - (ii) the Subscriber will not receive a prospectus or continuous disclosure information that would otherwise be required to be provided under Applicable Securities Laws, and
  - (iii) the Corporation is relieved from certain obligations that would otherwise apply under prospectus requirements of Applicable Securities Laws;
- (e) the Preferred Shares will not be qualified for distribution under a prospectus in any jurisdiction and the Corporation is not (and has no intention of becoming) a "reporting issuer" (or equivalent thereof) in any jurisdiction;
- (f) the Preferred Shares are being offered and sold on a private placement basis and will be subject to resale restrictions under Applicable Securities Laws;
- (g) the certificates, if issued, representing the Preferred Shares (and any replacement certificate issued prior to the expiration of the applicable hold periods) will bear a legend in accordance with Applicable Securities Laws;
- (h) the Preferred Shares are not and will not be listed on any stock exchange or market and there is no public or other market for the Preferred Shares and that none is expected to develop;
- (i) no person has made to it any written or oral representations:
  - (i) that any person will be able to resell the Preferred Shares,
  - (ii) that any person will refund the purchase price of the Preferred Shares,
  - (iii) as to the future price or the value of the Preferred Shares, or
  - (iv) that the Preferred Shares will be listed on any stock exchange or that application has been or will be made for such listing;
- (j) it has been advised to consult its own legal and tax advisors with respect to applicable resale restrictions and applicable tax considerations and it is responsible for compliance with applicable resale restrictions and applicable tax considerations and it agrees that any attempted transfer in contravention of the Applicable Securities shall be null and void;
- (k) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Preferred Shares;
- (l) the Preferred Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the "*U.S. Securities Act*"), or any state securities laws and the Preferred Shares may not be offered or sold in the United States or to a U.S. person except in compliance with the requirements of an exemption from registration under the U.S. Securities Act and any applicable state securities laws;



- (m) the Corporation may complete additional financings in the future in order to develop the business of the Corporation and fund its ongoing development, and such future financings may have a dilutive effect on current shareholders of the Corporation, including the Subscriber;
- (n) the Subscriber will not have access to any confidential or non-public information, or to any information of the Corporation which, in the opinion of the Corporation, should be kept confidential in the interests of the shareholders;
- (o) a security interest may have been, or may be, granted over certain or all of the assets of the Corporation in connection with borrowing activities of the Corporation;
- (p) upon acceptance by the Corporation of this subscription, in whole or in part, the Subscriber will be deemed to be a shareholder of the Corporation; and
- (q) the Corporation reserves the right to pay third parties who are eligible to receive the same, a referral fee or commission in the amount of up to 6% of the gross subscription proceeds raised under the Offering.

## 5. Representations, Warranties and Covenants of the Subscriber

The Subscriber (on its own behalf and, if applicable, on behalf of any principals on whose behalf the Subscriber is acting) hereby represents and warrants to and covenants with the Corporation as follows, and acknowledges and confirms that the Corporation is relying on such representations, warranties and covenants in connection with the offer, sale and issuance of the Preferred Shares to the Subscriber:

- (a) the Subscriber will not resell, distribute or otherwise dispose of all or any of the Preferred Shares except as permitted by law, including the *Securities Act* (Alberta) and Applicable Securities Laws;
- (b) the distribution of the Preferred Shares has not been made through, or as a result of, and is not being accompanied by, (i) a general solicitation, (ii) any advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television or other form of advertisement (including electronic display, such as the internet), or (iii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (c) it has received and reviewed an Offering Memorandum made available to it by the Corporation, and it has had the opportunity to ask and have questions answered with respect to the Corporation and the Preferred Shares;
- (d) **if the Subscriber is resident in the Province of British Columbia and is purchasing under the “offering memorandum” exemption from the prospectus requirements of Applicable Securities Laws**, it is delivering with this Offering Memorandum a signed Risk Acknowledgement Form as attached in Exhibit I;
- (e) **if the Subscriber is resident in the Province of Alberta or the Province of Ontario and is purchasing under the “offering memorandum” exemption from the prospectus requirements of Applicable Securities Laws**, it is delivering with this Offering Memorandum a signed Risk Acknowledgement Form as attached in Exhibit I; and
  - (i) if the Subscriber is an individual, the acquisition cost of all securities of the Corporation purchased by it within the last 12 months does not exceed the following amounts:
    - (A) in the case of a Subscriber that is not an “eligible investor” (as defined in Exhibit I), \$10,000;
    - (B) in the case of a Subscriber that is an “eligible investor”, \$30,000, and in such case the Subscriber has completed and delivered to the Corporation the certificate in Exhibit I evidencing the Subscriber’s status as an “eligible investor”;

- (C) in the case of a Subscriber that is an “eligible investor” and that received advice from a portfolio manager, investment dealer or exempt market dealer that the purchase of the Preferred Shares is suitable, \$100,000 and in such case the Subscriber has completed and delivered to the Corporation the certificate in Exhibit II evidencing the Subscriber’s status as an “eligible investor” and that it has received such advice;
- (f) if you are an "Accredit Investor" as defined in National Instrument 45-106, you qualify under one of the categories set out in Exhibit II and have indicated such category and executed the form attached in Exhibit II;
- (g) the Subscriber has obtained such legal and tax advice as it considers appropriate in connection with the offer, sale and issuance of the Preferred Shares and the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement; the Subscriber is not relying on the Corporation, its affiliates or counsel in this regard;
- (h) except for the Offering Memorandum, it has not received, nor has it requested, nor does it have any need to receive any other document describing the business and affairs of the Corporation in order to assist it in making an investment decision in respect of the Preferred Shares;
- (i) except for the Offering Memorandum, its decision to execute this Agreement and purchase the Preferred Shares agreed to be purchased hereunder has not been based upon any oral or written representations as to fact or otherwise made by or on behalf of the Corporation;
- (j) the Subscriber was offered the Preferred Shares in, and is resident in, the jurisdiction set forth as the “Subscriber’s Address” on the face page of this Agreement and intends Applicable Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Preferred Shares to the Subscriber;
  - (i) confirms that it complies with the criteria for reliance on the prospectus exemption and the truth and accuracy of all statements made in such certificate as of the date of this Agreement and as of the Closing Time;
  - (ii) understands that the Corporation is required to verify that the Subscriber (or if the Subscriber is purchasing as agent for a principal, the principal) satisfies the relevant criteria to qualify for the prospectus exemption; and
  - (iii) understands that the Corporation is required to verify that the Subscriber (or if the Subscriber is purchasing as agent for a principal, the principal) satisfies the relevant criteria to qualify for the prospectus exemption;
- (k) each of the Subscriber and any beneficial purchaser for which the Subscriber is acting:
  - (i) is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada),
  - (ii) is not a “non-resident” within the meaning of the Tax Act,
  - (iii) if a partnership, is a “Canadian partnership” as defined in the Tax Act,
  - (iv) is not a “financial institution” for the purposes of sections 142.2 to 142.7 of the Tax Act, except where any of these requirements is waived in the sole discretion of the Corporation,
  - (v) is not a Person an interest in which is a “tax shelter investment” as defined in the Tax Act, and
  - (vi) has not financed the purchase of Preferred Shares with financing for which recourse is or is deemed to be limited for purposes of section 143.2 of the Tax Act;

- (l) it shall ensure that its status as described in Section 6(e) or 6(f) shall not be modified and it shall not transfer the Preferred Shares in whole or in part to a transferee which does not meet the same status requirements;
- (m) the Subscriber is not a "U.S. Person" (as that term is defined in Regulation S promulgated under the U.S. Securities Act which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or company organized or incorporated under the laws of the United States) and is not acquiring the Preferred Shares for the account of or benefit of a U.S. Person or a person in the United States;
- (n) none of the funds that the Subscriber is using to purchase the Preferred Shares are, to its knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities;
- (o) it has not received, nor does it expect to receive, any financial assistance from the Corporation, directly or indirectly, in respect of its purchase of Preferred Shares;
- (p) if the Subscriber is an individual, he or she is of the full age of majority and is legally competent to execute, deliver and perform his or her obligations under this Agreement;
- (q) if the Subscriber is not an individual, it has the legal capacity and competence and has been duly authorized to enter into and execute this Agreement and to take all actions required pursuant hereto;
- (r) if the Subscriber is not an individual, it is duly constituted under its constating documents and is in good standing in accordance with the laws governing its formation and is duly qualified to do business and is in good standing in those jurisdictions where necessary in order to carry out the purposes of this Agreement;
- (s) the entering into of this Agreement and the transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) result in the violation of any of the terms and provisions of any law applicable to it, or of its constating documents, or of any agreement, written or oral, to which it may be a party or by which it is or may be bound;
- (t) it has duly executed and delivered this Agreement and it constitutes a valid and binding agreement of the Subscriber enforceable against the Subscriber in accordance with its terms;
- (u) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Corporation, and is able to bear the economic risk of such investment in Preferred Shares even if the entire investment is lost;
- (v) it will execute, deliver and file and otherwise assist the Corporation in filing any reports, undertakings and other documents required under Applicable Securities Laws in connection with the offer, sale and issuance of the Preferred Shares;
- (w) it will notify the Corporation if any representation or warranty contained in this Agreement becomes untrue; and
- (x) it will provide such information and execute and deliver such documents as the Corporation may reasonably request to determine the eligibility of the Subscriber to purchase Preferred Shares, verify the accuracy of the Subscriber's representations and warranties herein, or comply with any law or regulation to which the Corporation may be subject.

If the Subscriber is unable to make any of the representations set forth in the preceding clauses of this Section 4(q), the Subscriber will have so indicated to the Corporation in writing and shall have provided the Corporation at least five business days prior to the date hereof with evidence (including opinions of outside counsel, if requested by the Corporation), satisfactory in form and substance to the Corporation relating to

compliance with Applicable Securities Laws and such other governmental rules and regulations as the Corporation shall request.

#### **6. Reliance upon Representations, Warranties and Covenants**

- (a) The Subscriber acknowledges that the representations, warranties and covenants contained in this Agreement are made with the intent that they may be relied upon by the Corporation in determining the eligibility of the Subscriber to purchase the Preferred Shares and the Subscriber hereby agrees to indemnify the Corporation against all losses, claims, costs, expenses and damages or liabilities which they may suffer or incur caused or arising from their reliance thereon.
- (b) The Subscriber further agrees that by accepting the Preferred Shares, the Subscriber shall be representing and warranting that its representations and warranties herein are true as at Closing with the same force and effect as if they had been made by the Subscriber at Closing and that they shall survive the purchase by the Subscriber of the Preferred Shares and shall continue in full force and effect notwithstanding any subsequent disposition by the Subscriber of any of the Preferred Shares.
- (c) The Subscriber undertakes to immediately notify the Corporation at 1000 Bankers Hall West, 888 – 3rd Street SW, Calgary, AB, T2P 5C5, of any change in any statement or other information relating to the Subscriber (or any principals on whose behalf the Subscriber is acting) set forth herein which takes place prior to Closing or while the Subscriber is a Partner in the Corporation.

#### **7. Representations and Warranties of the Corporation**

The Corporation hereby represents and warrants to the Subscriber, and acknowledges and confirms that the Subscriber is relying on such representations and warranties in connection with the offer, sale and issuance of the Preferred Shares to the Subscriber:

- (a) the Corporation is a Corporation organized and existing under the laws of the jurisdictions in which it is organized or registered;
- (b) the execution and delivery, and performance by the Corporation, of this Agreement have been authorized by all necessary corporate action on the part of the Corporation;
- (c) this Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding agreement of the Corporation enforceable against it in accordance with its terms; and
- (d) the Corporation has complied with Applicable Securities Laws in connection with the offer, sale and issuance of the Preferred Shares.

#### **8. Closing**

- (a) The completion of the offer, sale and issuance of the Preferred Shares (the “*Closing*”) as contemplated by this Agreement will occur at such date and time as the Corporation may determine (the “*Closing Date*” and “*Closing Time*”, respectively). The Closing may be affected by a series of discrete Closings involving the Corporation and one or more Subscribers. If, by the Closing Time, the terms and conditions contained herein have been complied with to the satisfaction of the Corporation or waived by the Corporation, the Corporation shall authorize the delivery to the Corporation of the aggregate subscription proceeds representing subscriptions for Preferred Shares against the issuance by the Corporation of the Preferred Shares and such other documentation as the Corporation and its counsel may determine.
- (b) The Subscriber must complete, sign and return the following documents to the Corporation as soon as possible, and in any event prior to one business day prior to the Closing:
  - (i) this Agreement (including the Exhibits hereto); and

- (ii) a certified cheque or bank draft drawn on a Canadian chartered bank payable to “**Michael A. Loberg Professional Corporation, in trust for Westpeaks Properties Inc.**” or complete a wire transfer to the Corporation in an amount equal to the proportion of the subscription price specified in Section 3.

## 9. Disclosure of Information

The Subscriber acknowledges that this Agreement requires the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes determining the Subscriber’s eligibility to purchase the Preferred Shares under Applicable Securities Laws, preparing and registering any certificates representing Preferred Shares to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority as well as for the ongoing maintenance and reporting requirements of the Corporation. The Subscriber’s personal information may be disclosed by the Corporation to: (a) the registry under the *Business Corporations Act* (Alberta) (and the equivalent in other jurisdictions) (and any member of the public accessing such registry), (b) stock exchanges or securities regulatory authorities (and any member of the public accessing the filings made with such stock exchanges or securities regulatory authorities), (c) the Corporation’s advisors, (d) Canada Revenue Agency and other governmental authorities, and (e) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. In addition, the Subscriber’s personal information may be disclosed by the Corporation pursuant to the Anti-Money Laundering Acts. By executing this Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber’s personal information. The Subscriber also consents to the use by the Corporation of the email address set out as the Subscriber’s “Email Address” on the face page of this Agreement to distribute any and all financial statements or other reports of and information regarding the Corporation to the Subscriber from time to time.

## 10. Compliance with Applicable Law, including Anti-Money Laundering Acts.

The Subscriber understands that the Corporation seeks to comply with all applicable laws and regulations, including the Anti-Money Laundering Acts, and therefore:

- (a) the Subscriber understands and agrees that the Corporation prohibits the investment of funds by any persons or entities that are acting, directly or indirectly, (i) in contravention of any applicable laws or regulations, including the Anti-Money Laundering Acts, (ii) on behalf of terrorists or terrorist organizations, including, without limitation, those persons or entities that are included in the “Regulations Establishing a List of Entities” made under the *Criminal Code* (Canada) and/or the United Nations Suppression of Terrorism Regulations, as such list may be amended from time to time, (iii) for a senior foreign political figure, any member of a senior foreign political figure’s immediate family or any close associate of a senior foreign political figure, unless the Corporation, after being specifically notified by the Subscriber in writing that it is such a person, conducts further due diligence, and determines that such investment shall be permitted, or (iv) for a foreign shell bank (such persons or entities in items (i) through (iv) above are collectively referred to as “**Prohibited Persons**”);
- (b) the Subscriber represents, warrants and covenants that (i) it is not, nor is any person or entity directly or indirectly controlling, controlled by or under common control with the Subscriber, a Prohibited Person, (ii) no form of payment that the Subscriber has or will contribute to the Corporation is, or shall be, in contravention of any applicable laws or regulations, including the Anti-Money Laundering Acts, nor is it or shall it be derived from, or related to, any activity which is in contravention of such laws and no such contribution shall cause the Corporation to be in violation of any applicable laws or regulations, including the Anti-Money Laundering Acts, and (iii) to the extent the Subscriber has any beneficial owners, (A) it has carried out appropriate due diligence to establish the identities of such beneficial owners, (B) based on such due diligence, the Subscriber reasonably believes that no such beneficial owners are Prohibited Persons, and (C) it will make available such information and any additional information requested by the Corporation, as the Corporation may reasonably determine to be necessary or desirable to ensure compliance with all applicable laws and regulations, including the Anti-Money Laundering Acts; and

- (c) if any of the foregoing representations, warranties or covenants ceases to be true, is or becomes incomplete or otherwise changes, or if the Corporation no longer reasonably believes that it has satisfactory evidence as to their truthfulness or completeness, or if otherwise required by any applicable law or regulation, including the Anti-Money Laundering Acts, notwithstanding any other provision or agreement to the contrary, in its sole discretion, may undertake appropriate action to ensure compliance with all applicable laws and regulations, including the Anti-Money Laundering Acts, such action to include segregating the assets constituting the Subscriber's investment (if possible), or redeeming the Subscriber's investment in the Corporation. The Corporation shall be permitted to report any such remedial action and to disclose the Subscriber's (and any of the Subscriber's beneficial owners, if applicable) identity and any other confidential information to the appropriate authorities, including the Canadian Department of Justice, the Financial Transactions and Reports Analysis Centre of Canada and the Commissioner of the Royal Canadian Mounted Police, which the Corporation, in its sole discretion, determines is necessary or desirable to ensure compliance with all applicable laws and regulations, including the Anti-Money Laundering Acts. In the event that the Corporation is required to take any of the foregoing actions (or any of the other remedial actions specified in this Agreement), the Subscriber understands and agrees that it shall have no claim against the Corporation, or any of its partners, officers, directors, members, managers, advisors, affiliates, preferred shareholders, or employees, for any form of damages as a result of any such actions.

## **11. Registration**

The Subscriber acknowledges that neither the Corporation nor anyone associated with the Corporation is registered as a dealer or an advisor under Applicable Securities Laws.

## **12. Beneficial Subscribers**

Whether or not explicitly stated in this Agreement, any acknowledgement, representation, warranty, covenant or agreement made by the Subscriber in this Agreement including the Exhibits hereto will be treated as if made by the principal for whom the Subscriber is contracting under this Agreement.

## **13. Exhibits**

The following Exhibits are incorporated into and form an integral part of this Agreement, and any reference to this Agreement includes the applicable Exhibit:

<b>Exhibit I</b>	<b>Risk Acknowledgement Form and Certificate of Eligibility</b>
<b>Exhibit II</b>	<b>Form for Individual Accredited Investors</b>

## **14. Interpretation**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa. The division of this Agreement into Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect this Agreement's interpretation. All references in this Agreement to dollars or \$ are to the currency of Canada, unless otherwise specifically indicated. In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation" and (ii) the words "the aggregate of", the "total of" or a phrase of similar meaning means "the aggregate (or total sum), without duplication, of".

## **15. Assignment**

This Agreement becomes effective when executed by all of the parties to it. After that time, it will be binding upon and enure to the benefit of the parties and their respective successors, heirs, executors, administrators and legal representatives. This Agreement is not transferable or assignable by any party to it.

## **16. Entire Agreement**

This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated by it and supersedes all prior agreements, understandings, negotiations and discussion, whether oral or

written, of the parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

**17. Governing Law**

This Agreement shall be governed by, interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without reference to its conflict of laws provisions. The parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this Agreement or any of the transactions contemplated hereby and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

**18. Time of Essence**

Time is of the essence in this Agreement.

**19. Language of Documents**

The Subscriber confirms that it has consented to and has requested that this Agreement and all documents with respect thereto be in the English language. Nous soussignés confirmons notre volonté que la présente convention, le contrat de société en commandite, et tous les documents s'y rattachant, soient rédigés en anglais seulement.

**20. Counterparts**

This Agreement, including the Exhibit hereto, may be executed in counterparts (including counterparts delivered by facsimile or electronic transmission) and all such counterparts taken together will be deemed to constitute one and the same document.

*(Remainder of page intentionally left blank)*

**EXHIBIT I TO SUBSCRIPTION AGREEMENT  
RISK ACKNOWLEDGEMENT FORM  
AND ELIGIBLE INVESTOR CERTIFICATE  
NATIONAL INSTRUMENT 45-106  
FORM 45-106F4**

**TO: Westpeaks Properties Inc. (the “Corporation”)**

**RE: Purchase of Preferred Shares (the “Securities”) of the Corporation**

**Risk Acknowledgement**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- I could lose all the money I invest.

I am investing \$ \_\_\_\_\_ [total consideration] in total; this includes any amount I am obliged to pay in future. Westpeaks Properties Inc. will pay \$ \_\_\_\_\_ [amount of fee or commission] of this to \_\_\_\_\_ [name of person selling the securities] as a fee or commission.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

**WARNING**



### **You have 2 business days to cancel your purchase**

To do so, send a notice to Westpeaks Properties Inc. stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to Westpeaks Properties Inc. at its business address. Keep a copy of the notice for your records.

Name: Westpeaks Properties Inc.

Address: 1000 Bankers Hall West, 888 – 3rd Street SW, Calgary, Alberta, T2P 5C5

Phone: +1 (403) 668-6561

Fax: +1 (403) 668-6505

### **You are buying Exempt Market Securities**

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

### **You will receive an offering memorandum**

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

### **You will not receive advice**

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

### **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

### **The issuer of your securities is a non-reporting issuer**

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

**ALBERTA SECURITIES COMMISSION**

Suite 600, 250 – 5<sup>th</sup> Street SW  
Calgary, AB T2P 0R4  
Telephone: (403) 297-6454  
Facsimile: (403) 297-6156  
[www.albertasecuritiescommission.com](http://www.albertasecuritiescommission.com)

**BRITISH COLUMBIA SECURITIES  
COMMISSION**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Telephone: (604) 899-6500  
Toll free across Canada: 1-800-373-6393  
Facsimile: (604) 899-6581  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

**ONTARIO SECURITIES COMMISSION**

Suite 1903, Box 55  
20 Queen Street West  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593- 8314  
Toll free in Canada: 1-877-785-1555  
Facsimile: (416) 593-8122  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)

**Instruction:** The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

## Schedule 1

### Classification of Investors Under the Offering memorandum Exemption

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 2 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 Prospectus Exemptions (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

<b>How you qualify to buy securities under the offering memorandum exemption</b>
Initial the statement under A, B, C or D containing the criteria that applies to you. (You may initial more than one statement.) If you initial a statement under B or C, you are not required to complete A.

A. You are an eligible investor because:		Your initials
Eligible Investor	Your net income before taxes was more than \$75,000 in each of the 2 most recent calendar years, and you expect it to be more than \$75,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
Eligible Investor	Your net income before taxes combined with your spouse's was more than \$125,000 in each of the 2 most recent calendar years, and you expect your combined net income to be more than \$125,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
Eligible Investor	Either alone or with your spouse, you have net assets worth more than \$400,000. (Your net assets are your total assets, including real estate, minus your total debt including any mortgage on your property.)	

B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the Securities Act (Ontario), because:		Your initials
Accredited Investor	Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in this calendar year. (You can find your net income before taxes on your personal income tax return.)	
Accredited Investor	Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your	

	combined net income before taxes to be more than \$300,000 in the current calendar year.	
	Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.	
	Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)	

	C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106, because:	Your initials
Family, Friends and Business Associates	<p>You are:</p> <p>1) [check all applicable boxes]</p> <p><input type="checkbox"/> a director of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> an executive officer of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a control person of the issuer or an affiliate of the issuer</p> <p><input type="checkbox"/> a founder of the issuer</p> <p>OR</p> <p>2) [check all applicable boxes]</p> <p><input type="checkbox"/> a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p> <p><input type="checkbox"/> a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are (i) individuals listed in (1) above and/or (ii) family members, close personal friends or close business associates of individuals listed in (1) above</p>	
	<p>You are a family member of _____</p> <p>[Instruction: Insert the name of the person who is your relative either directly or through his or her spouse], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You are the _____ of that person or that person's spouse. [Instruction: To qualify for this investment, you must be (a) the spouse of the person listed above or (b) the parent, grandparent, brother, sister, child or grandchild of that person or that person's spouse.]</p>	
	<p>You are a close personal friend of _____</p> <p>[Instruction: Insert the name of your close personal friend], who holds the following position at the issuer or an affiliate of the issuer: _____.</p> <p>You have known that person for _____ years.</p>	

	<p>You are a close business associate of _____</p> <p>[Instruction: Insert the name of your close business associate], who holds the following position at the issuer or an affiliate of the issuer:</p> <p>_____.</p> <p>You have known that person for _____ years.</p>	
--	---	--

D. You are not an eligible investor because:		Your initials
Not an Eligible Investor	<p>You acknowledge that you are not an eligible investor.</p>	

**Schedule 2**  
***Investment Limits for Investors Under the Offering Memorandum Exemption***

**Instructions:** This schedule must be completed together with the Risk Acknowledgement Form and Schedule 1 by individuals purchasing securities under the exemption (the offering memorandum exemption) in subsection 2.9(2.1) of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) in Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

**SECTION 1 TO BE COMPLETED BY THE PURCHASER**

**1. Investment limits you are subject to when purchasing securities under the offering memorandum exemption**

You may be subject to annual investment limits that apply to all securities acquired under the offering memorandum exemption in a 12 month period, depending on the criteria under which you qualify as identified in Schedule 1. Initial the statement that applies to you.

A. You are an eligible investor.		Your initials
Eligible Investor	As an eligible investor that is an individual, you cannot invest more than <b>\$30,000</b> in all offering memorandum exemption investments made in the previous 12 months, unless you have received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule, that your investment is suitable. Initial one of the following statements:	
	You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$30,000 in all offering memorandum exemption investments made in the previous 12 months.	
	You confirm that you received advice from a portfolio manager, investment dealer or exempt market dealer, as identified in section 2 of this schedule that the following investment is suitable.  You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit in all offering memorandum exemption investments made in the previous 12 months of \$100,000.	

B. You are an eligible investor, as a person described in section 2.3 [Accredited investor] of NI 45-106 or, as applicable in Ontario, subsection 7.3(3) of the Securities Act (Ontario).		Your initials
Accredited Investor	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.3 [ <i>Accredited investor</i> ], you are not subject to investment limits.	

C. You are an eligible investor, as a person described in section 2.5 [Family, friends and business associates] of NI 45-106.		Your initials
Family, Friends and Business Associates	You acknowledge that, by qualifying as an eligible investor as a person described in section 2.5 [ <i>Family, friends and business associates</i> ], you are not subject to investment limits.	

D. You are not an eligible investor.		Your initials
Not an Eligible Investor	<p>You acknowledge that you cannot invest more than <b>\$10,000</b> in all offering memorandum exemption investments made in the previous 12 months.</p> <p>You confirm that, after taking into account your investment of \$_____ today in this issuer, you have not exceeded your investment limit of \$10,000 in all offering memorandum exemption investments made in the previous 12 months.</p>	

<b>SECTION 2 TO BE COMPLETED BY THE REGISTRANT</b>	
<b>2. Registrant information</b>	
<i>[Instruction: this section must only be completed if an investor has received advice from a portfolio manager, investment dealer or exempt market dealer concerning his or her investment.]</i>	
First and last name of registrant (please print):	
Registered as:	
<i>[Instruction: indicate whether registered as a dealing representative or advising representative]</i>	
Telephone:	Email:
Name of firm:	
<i>[Instruction: indicate whether registered as an exempt market dealer, investment dealer or portfolio manager.]</i>	
Date:	



**EXHIBIT II TO SUBSCRIPTION AGREEMENT  
FORM FOR INDIVIDUAL ACCREDITED INVESTORS  
NATIONAL INSTRUMENT 45-106  
FORM 45-106F9**

**TO:** Westpeaks Properties Inc. (the “Corporation”)  
**RE:** Purchase of Preferred Shares (the “Securities”) of the Corporation

**WARNING!**

**This investment is risky. Don’t invest unless you can afford to lose all the money you pay for this investment.**

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER</b>	
<b>1. About your investment</b>	
Type of securities: <b>Series B Preferred Shares, non-voting</b>	Issuer: <b>Westpeaks Properties Inc.</b>
Purchased from: <b>Westpeaks Properties Inc.</b>	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b>	
This investment is risky. Initial that you understand that:	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$_____ . [Instruction: Insert the total dollar amount of the investment.]	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment.	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	

<b>3. Accredited investor status</b>	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) <b>The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor.</b> That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
<ul style="list-style-type: none"> <li>Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	
<b>4. Your name and signature</b>	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Email:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	

**SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER****6. For more information about this investment**

**Issuer:** **Westpeaks Properties Inc.**  
**Address:** 1000 Bankers Hall West  
888 – 3rd Street SW  
Calgary, AB, T2P 5C5  
  
**Contact:** **Mr. Gary Zhang**  
**Phone:** 1-877-334-8884  
**E-mail:** gzhang@westpeaksproperties.com  
**Website:** www.westpeaksproperties.com

For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at [www.securities-administrators.ca](http://www.securities-administrators.ca).

**Form instructions:**

1. This form does not mandate the use of a specific font size or style but the font must be legible.
2. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
3. The purchaser must sign this form. Each of the purchaser and the issuer or selling security holder must receive a copy of this form signed by the purchaser. The issuer or selling security holder is required to keep a copy of this form for 8 years after the distribution.

## **SCHEDULE C: Financial Statements**

Westpeaks Properties Inc. Audited Financial Statements as at Dec. 31, 2016  
and Silver Valley Developments Inc. Financial Statements as at Dec. 31, 2016

[Financial Statements begin on following page]

Westpeaks Properties Inc.  
Financial Statements  
December 31, 2016 and 2015

## **Independent Auditors' Report**

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To the Shareholders of  
Westpeaks Properties Inc.

We have audited the accompanying financial statements of Westpeaks Properties Inc., which comprise the statement of financial position as at December 31, 2016, and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2016, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Westpeaks Properties Inc. as at December 31, 2016, and its financial performance, changes in equity and cash flows for the year ended December 31, 2016 in accordance with International Financial Reporting Standards.

*Rice & Company L.L.P.*

CHARTERED ACCOUNTANTS

Calgary, Canada  
February 20, 2017





**Westpeaks Properties Inc.**  
**Statement of Comprehensive Loss**  
**For the Years Ended December 31,**

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	<b>Notes</b>	<b>2016</b>	<b>2015</b>
<b>Expenses</b>			
General and administrative	12	\$ <u>          -</u>	\$ <u>          99</u>
		<u>          -</u>	<u>          99</u>
<b>Net loss</b>		-	(99)
<b>Income tax expense</b>			
Deferred	10.2	<u>159,828</u>	<u>112,389</u>
		159,828	112,389
<b>Total loss for the period</b>		<u>\$ (159,828)</u>	<u>\$ (112,488)</u>
Basic and diluted loss per share	11.2	<u>\$ (1.99)</u>	<u>\$ (1.40)</u>

See accompanying notes to the financial statements.

**Westpeaks Properties Inc.**  
**Statement of Changes in Deficit**  
**For the Years Ended December 31, 2016 and 2015**

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	Notes	Number of Shares	Share Capital Stated Value	Deficit	Total Deficit
<b>Balance at January 1, 2016</b>		80,505	\$ 90,500	\$ (622,266)	\$ (531,766)
Loss for the year		-	-	(159,828)	(159,828)
Dividends	11.4			(592,276)	(592,276)
<b>Balance at December 31, 2016</b>		<u>80,505</u>	<u>\$ 90,500</u>	<u>\$ (1,374,370)</u>	<u>\$ (1,283,870)</u>
<b>Balance at January 1, 2015</b>		80,505	\$ 90,500	\$ (92,588)	\$ (2,088)
Loss for the year		-	-	(112,488)	(112,488)
Dividends	11.4	-	-	(417,190)	(417,190)
<b>Balance at December 31, 2015</b>		<u>80,505</u>	<u>\$ 90,500</u>	<u>\$ (622,266)</u>	<u>\$ (531,766)</u>

See accompanying notes to the financial statements.

**Westpeaks Properties Inc.**  
**Statement of Cash Flows**  
**For the Years Ended December 31,**

	<b>2016</b>	<b>2015</b>
<b>Cash provided by (used in):</b>		
<b>Cash flows from operating activities</b>		
Net loss	\$ (159,828)	\$ (112,488)
Adjustments for:		
Deferred tax expense	159,828	112,389
Change in non-cash working capital	<u>-</u>	<u>18,651</u>
<b>Net cash provided by operating activities</b>	<u>-</u>	<u>18,552</u>
<b>Cash flows from financing activities</b>		
Issuance of preferred shares	2,069,000	3,200,000
Loan advances	<u>(2,069,000)</u>	<u>(3,218,552)</u>
<b>Net cash used in financing activities</b>	<u>-</u>	<u>(18,552)</u>
<b>Change in cash</b>	-	-
<b>Cash, beginning of year</b>	<u>-</u>	<u>-</u>
<b>Cash, end of year</b>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**1. General business description**

Westpeaks Properties Inc. (the "Corporation") was incorporated pursuant to the Business Corporations Act (Alberta) on April 17, 2013 as Titanium Finance Inc. and on March 13, 2014 changed its name to Westpeaks Properties Inc. The objective of the Corporation is to raise funds pursuant to an offering (note 13) for the purposes of lending the funds to Sierra Investments Inc. (the "Developer"), an entity related to the Corporation by common ownership and directors, with the intention of preparing land, in Red Deer, Alberta (the "Lands"), for development of mixed residential and commercial use. The Corporation has elected to be a "public corporation" for the purposes of the Income Tax Act (Canada).

The proposed business of the Corporation involves a high degree of risk and there is no assurance that the Corporation will be able to raise the amount of funds to finance its activities as disclosed in note 13.

The address of the Corporation is 1000 Bankers Hall West, 888 - 3rd Street SW, Calgary, Alberta, T2P 5C5.

**2. Basis of presentation**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were authorized for issue by the Directors of the Corporation on February 20, 2017.

**2.2 Basis of measurement**

The financial statements have been prepared on a historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

The methods used to measure fair values are discussed in note 4.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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2.3 Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is valuation of financial instruments (note 4).

*Income taxes*

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is also subject to audit and interpretation by taxation authorities.

**3. Significant accounting policies**

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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3.1.1 *Financial assets*

Financial assets include any outstanding accounts receivable and cash and cash equivalents. Purchases and sale of financial assets are recognized on the settlement date, which is the date in which the asset is delivered to or by the Corporation. Financial assets are derecognized when the rights to receive cash flows have expired or are transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial assets are classified in the following categories at the time of the initial recognition based on the purpose for which the financial assets were acquired:

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy. The Corporation has designated cash as held for trading.

Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed when incurred.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Assets in this category include accounts receivable which are classified as current assets in the statement of financial position.

The Corporation has designated deposits held in trust and loan receivable as loans and receivables as at December 31, 2016 and 2015.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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Recognition and measurement

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They consist of investments in equity securities and certain other debt securities. They are included in other non-current financial assets unless management intends to dispose of the investments within 12 months of the balance sheet date. Available-for-sale financial assets are recorded in other comprehensive income until realized, at which time they are recorded through profit or loss. The Corporation has not designated any financial assets as available-for-sale.

Reclassification of financial assets

Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassification of financial assets are limited to debt instruments. Reclassifications are accounted for at fair value of the financial asset at the date of reclassification.

3.1.2 *Financial liabilities*

Financial liabilities primarily consist of accounts payable and accrued liabilities, deferred subscriptions and preferred shares. Financial liabilities are initially measured at fair value and subsequently measured at amortized cost for liabilities that are not hedged, and fair value for liabilities that are hedged. Non-performance risk, including the Corporation's own credit risk for financial liabilities, is considered when determining the fair value of financial liabilities.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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3.1.3 *Equity instruments*

Common shares are classified as equity. Incremental costs directly attributable to the common shares are recognized as a deduction from equity, net of any tax effects. Preferred shares are classified as equity if they meet the definitions of an equity instrument.

3.1.4 *Impairment*

The Corporation addresses at each balance sheet date whether there is objective evidence that a financial asset, other than those at fair value through profit and loss, or a group of financial assets, is impaired. When an impairment has occurred, the cumulative loss is recognized in profit or loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Receivables that are assessed not to be impaired are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables may include the Corporation's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in the national or local economic conditions that may default on receivables.

For financial assets carried at amortized cost, the amount of impairment loss recognized is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited through the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.



**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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3.2 Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Income tax expense or recovery in profit and loss except to the extent that it relates to items recognized in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, including carry forward of non-capital losses, can be utilized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they are related to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, where the intention is to settle current tax liabilities and asset on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is not probable that the related tax benefit will be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered.

3.3 Provisions and contingent liabilities

Provisions and contingent liabilities are recognized when there is a present legal or constructive obligation arising as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Provisions and contingent liabilities are stated at the present value of the expenditure expected to settle the obligation.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**3.4 Related party transactions**

All related party transactions must be disclosed in the financial statements which include the amount of the transactions, the amount of outstanding balances, including terms, provisions for doubtful debts related to outstanding balances and the expense recognized during the period in respect of bad or doubtful debts from related parties.

**3.5 Property, plant and equipment**

Property, plant and equipment will be stated at cost less accumulated depreciation and recognized impairment loss. Amortization will be charged so as to write off the cost of assets, other than land or properties under construction, over the estimated useful lives, using the declining balance method, at rates to be determined.

Assets held under finance leases will be depreciated over the expected lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss on the disposal or retirement of an asset will be determined as a difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

**3.6 Deferred revenue**

Deferred revenue is comprised of interest revenue on the Loan in which interest has been calculated but not all terms and conditions have been fulfilled to meet the requirements of revenue recognition.

**3.7 Expense recognition**

Expenses are recognized in the financial statements on an accrual basis.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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3.8 New accounting standards and interpretations

In addition to the foregoing accounting policies outlined, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2016 and which have not yet been adopted by the Corporation. These include:

On January 1, 2018, the Corporation will be required to adopt IFRS 9 “Financial Instruments”, which is the result of the first phase of the IASB project to replace IAS 39 “Financial Instruments: Recognition and measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. Portions of the standard remain in development and the full impact of the standard on the Corporation’s financial statements will not be known until the project is complete.

3.9 Loss per share

Basic income per share is calculated by dividing the comprehensive (loss) income attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effect of issued instruments such as options and warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year. These instruments are not included in the per share calculation if the effect of their inclusion is antidilutive.

**4. Determination of fair values**

Certain of the Corporation’s accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of deposits held in trust approximate its carrying values due to their short term to maturity. The fair value for loan receivable is considered reasonable as the rates are consistent with rates offered for similar long term receivables. The fair value for preferred shares is considered reasonable as the rates are consistent with rates applicable for similar long term payables.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.

**5. Financial risk management**

5.1 Overview

The Corporation's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

- credit risk;
- liquidity risk; and,
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risks, and the Corporation's management of capital.

The Corporation employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Corporation's business objectives and risk tolerance levels. While the Director has the overall responsibility for the establishment and oversight of the Corporation's risk management framework, management has the responsibility to administer and monitor these risks.

5.2 Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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The maximum exposure to credit risk at December 31, 2016 and 2015 is as follows:

	Carrying amount	
	2016	2015
Deposits held in trust	10,438	10,438
Loan receivable	9,376,171	6,715,217
<b>Total</b>	<b>\$ 9,386,609</b>	<b>\$ 6,725,655</b>

*Deposits held in trust*

Deposits held in trust are due from the Corporation's lawyer. During the year ended December 31, 2016 and 2015, the proceeds were advanced to the Developer, under the terms of the Loan and were a result of timing between the issuance of preferred shares and the receipt of cash.

*Loan receivable*

The Corporation is dependent on the Developer and its ability to pay the principal and interest in order to discharge the liabilities of the Corporation and the preferred shares. In the event that the Developer is unable to meet its obligation with respect to repayment of the amounts receivable, the impact would be material to the Corporation and the ability to discharge the preferred shares and other liabilities as they become due.

5.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity will be impacted by various external events and conditions.

The Corporation's financial liabilities at December 31, 2016 and 2015 consist of deferred tax liability and preferred shares.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future debt securities (note 13).

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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The Corporation is dependent on the Developer and its ability to pay the principal and interest in order to discharge the liabilities of the Corporation and the preferred shares. In the event that the Developer is unable to meet its obligation with respect to repayment of the amounts receivable, the impact would be material to the Corporation and the ability to discharge the preferred shares and other liabilities as they become due.

5.4 Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Corporation's net income or the value of financial instruments. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As the Corporation does not currently have any variable interest bearing debt, the Corporation is not exposed to interest rate risk.

The Corporation had no interest rate swaps or financial contracts in place as at or during the years ended December 31, 2016 and 2015.

5.5 Capital management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Corporation intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Corporation's early stage of development and the requirement to sustain future development of the business.

The Corporation will manage its capital structure and make changes to it in the light of changes to economic conditions and the risk characteristics of the nature of the business. The Corporation considers its capital structure to include shareholders' equity and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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The Corporation currently has deferred tax liability and preferred shares outstanding at December 31, 2016 and 2015, and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Corporation is not subject to externally imposed capital requirements.

**6. Deposits held in trust**

The amounts relate to the timing of proceeds received from preferred shares issued, which were held in trust as of December 31, 2016 and 2015.

**7. Loan receivable**

On April 28, 2014, the Corporation entered into a loan agreement with the Developer, whereby the Corporation loaned and intends to loan the net proceeds from the offering (note 13) to the Developer (the "Loan"). The term of the Loan will be five years subject however to the right to repay early or extend upon such terms as may be agreed ("Term"). The interest rate will be 8% per annum compounded interest, accrued and payable at the end of the Term. As security for the Loan, the Developer will provide the Corporation mortgages on the Lands not exceeding a 55% loan-to-value ratio. All fees, costs and interest thereon incurred by the Corporation with respect to the offering and the Loan (including costs related to enforcement) shall be payable by the Developer to the Corporation and shall form part of the principal of the Loan.

The Corporation accrued interest income on the Loan for the year ended December 31, 2016 in the amount of \$591,954 (2015 - \$416,323).

The Corporation is dependent on the Developer and its ability to pay the principal and interest in order to discharge the liabilities of the Corporation and the preferred shares. In the event that the Developer is unable to meet its obligation with respect to repayment of the amounts receivable, the impact would be material to the Corporation and the ability to discharge the preferred shares and other liabilities as they become due.

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**8. Deferred revenue**

The amounts in deferred revenue relate to interest calculated on the Loan, and have been deferred until repayment of the Loan, under the terms of the Loan.

	<b>2016</b>	<b>2015</b>
Opening balance	\$ 416,323	\$ -
Deferred revenue	591,954	416,323
Closing balance	\$ 1,008,277	\$ 416,323

**9. Preferred shares**

The First Preferred Shares ("preferred share") were issued pursuant to an offering memorandum dated April 28, 2014, and updated on February 20, 2015. Each preferred share pays 8% per annum compounded interest calculated on the value of each Share ("Accrued Dividend"), accrued by not paid until the preferred share is redeemed (repurchased) by the Corporation on December 31, 2019, or such earlier or later date as may be declared by the Corporation in its sole discretion (the "Expected Term"). All costs relating to the issuance of preferred shares are to be paid by the Developer (note 7).

In addition to the Accrued Dividend, the holders of the preferred shares shall be entitled to a participating interest ("Proportionate Participating Interest") equal to 15% of the increase in value of the Land, calculated by the Corporation by reference to the appraised value of the Land at the expiration of the Expected Term or \$40 million, whichever is less, minus the adjusted cost base to the Developer for the Land together with all development and operating costs incurred by both the Corporation and the Developer (an amount not to exceed \$24 million for the purposes of this calculation) prior to the Expected Term, divided among the then-outstanding holders of the preferred shares proportionate to their holdings. The Proportionate Participating Interest will be paid to the holder of the preferred shares upon the redemption of the preferred shares together with the Accrued Dividend.

During the year ended December 31, 2016, 2,069 (2015 - 3,200) preferred shares were issued at a price of \$1,000 per share for total gross proceeds of \$2,069,000 (2015 - \$3,200,000). Dividends in the amount of \$592,276 (2015 - \$417,190) were accrued with respect to the preferred shares for the year ended December 31, 2016.



**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**10. Income tax expense**

10.1 Current income taxes

The provision for income taxes differs from the expected amount calculated by applying the Corporation's combined Federal and Provincial corporate tax rates as result of the following:

	<b>2016</b>	<b>2015</b>
Net loss before taxes	\$ -	\$ (99)
Combined federal and provincial statutory tax rate	26%	26%
Expected income tax (recovery) expense	-	(26)
Share issue costs	-	-
Non-capital loss carryforwards	-	-
Other	-	26
Income tax expense	\$ -	\$ -

10.2 Deferred tax liability

	<b>2016</b>	<b>2015</b>
Opening balance	\$ 112,389	\$ -
Deferred revenue	159,828	112,389
Closing balance	\$ 272,217	\$ 112,389

**11. Share capital**

11.1 Authorized

As at December 31, 2016 and 2015, the Corporation was authorized to issue the following:

Unlimited number of Class A non-voting common shares  
(Class A common shares)

Unlimited number of Class B voting common shares  
(Class B common shares)

Unlimited number of first preferred shares  
(First Preferred shares)

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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11.2 Issued and outstanding

	2016 and 2015	
	Number	Amount
Class A common shares	80,500	\$ 80,500

	2016 and 2015	
	Number	Amount
Class B common shares	5	\$ 10,000

11.3 The Corporation issued 2,069 preferred shares (2015 - 3,200) at a price of \$1,000 per share (note 9). The preferred shares have been classified as a liability as they do not meet the definition of an equity instrument.

During the year ended December 31, 2016 and 2015, no Class A or B common shares were issued.

11.4 For the year ended December 31, 2016, the Corporation accrued a dividend in the amount of \$592,276 (2015 - \$417,190), with respect to the preferred shares issued during the year (note 9).

**12. General and administrative**

No personnel expenses were incurred during the years ended December 31, 2016 and 2015.

**13. Offering**

The Corporation has prepared an offering memorandum (the "offering"), for the offer of preferred shares, with up to an aggregate maximum of 10,000 preferred shares at a price of \$1,000 per share for total gross proceeds of \$10,000,000, and a minimum of 8,371 preferred shares at a price of \$1,000 per share for total gross proceeds of \$8,371,000. Each preferred share pays 8% per annum compounded interest calculated on the value of each preferred share ("Accrued Dividend"), accrued but not paid until the preferred share is redeemed (repurchased) by the Corporation on December 31, 2019, or such earlier or later date as may be declared by the Corporation in its sole discretion (the "Expected Term").

**Westpeaks Properties Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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As of February 20, 2017, 8,371 preferred shares have been issued for gross proceeds of \$8,371,000.

In addition to the Accrued Dividend, the holders of the preferred shares shall be entitled to a participating interest ("Proportionate Participating Interest") equal to 15% of the increase in value of the Land, calculated by the Corporation by reference to the appraised value of the Land at the expiration of the Expected Term or \$40 million, whichever is less, minus the adjusted cost base to the Developer for the Land together with all development and operating costs incurred by both the Corporation and the Developer (an amount not to exceed \$24 million for the purposes of this calculation) prior to the Expected Term, divided among the then-outstanding holders of the preferred shares proportionate to their holdings. The Proportionate Participating Interest will be paid to the holder of the preferred shares upon the redemption of the preferred shares together with the Accrued Dividend.

Where allowed by applicable securities legislation, the Corporation intends to offer compensation of up to 6% of the gross proceeds realized on the sale of preferred shares under this offering. If agents are retained, the Corporation will pay aggregate fees and commissions of up to 6% of the gross proceeds realized on the preferred shares sold by such agent. The Corporation may also compensate directors, officers, employees and consultants of the Corporation up to 6% of the gross proceeds realized on the sale of the preferred shares for soliciting subscriptions for preferred shares with respect to the preferred shares not sold by an agent. All fees incurred by the Corporation with respect to the offering shall be payable by the Developer to the Corporation and shall form part of the principal of the Loan.

The Corporation intends to effect periodic closings until the maximum offering is achieved. The closing dates will be determined by the Corporation.

As of February 20, 2017, \$8,358,564 has been advanced to the Developer. Included in this amount are costs associated with the offering in the amount of \$439,564, which will form part of the Loan under the terms of the Loan agreement.

**Silver Valley Developments Inc.**

**Financial Statements**

Unaudited - See Notice to Reader

**December 31, 2016**



**BRIAN NEWMAN**  
PROFESSIONAL CORPORATION  
CHARTERED ACCOUNTANT

220 Parkmere Court  
Chestermere, Alberta  
T1X 1V6  
Telephone: (403) 280 6363

## Notice to Reader

On the basis of information provided by management, I have compiled the balance sheet of Silver Valley Developments Inc. as at December 31, 2016 and the statement of income and retained earnings (deficit) for the initial year then ended.

I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

January 30, 2017

  
CHARTERED ACCOUNTANT.

Silver Valley Developments Inc.  
Balance Sheet  
December 31, 2016  
Unaudited - See Notice to Reader

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**ASSETS**

CURRENT

Cash	\$ 3,060
GST recoverable	<u>798</u>
	<u>\$ 3,858</u>

**LIABILITIES**

CURRENT

Accounts payable	\$ 4,856
Loans and advances payable	<u>14,000</u>
	<u>18,856</u>

**SHAREHOLDER'S EQUITY (DEFICIENCY)**

SHARE CAPITAL	1,000
RETAINED EARNINGS (DEFICIT)	<u>(15,998)</u>
	<u>(14,998)</u>
	<u>\$ 3,858</u>

APPROVED BY THE BOARD:

\_\_\_\_\_ Director

**Silver Valley Developments Inc.**  
Statement of Income and Retained Earnings (Deficit)  
**For the Initial Year Ended December 31, 2016**  
Unaudited - See Notice to Reader

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**REVENUE**

Investment income	\$ <u>          -</u>
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**EXPENSES**

Bank charges and interest	20
Professional fees	<u>15,978</u>
	<u>15,998</u>

**NET INCOME (LOSS)**

(15,998)

Retained Earnings, beginning of year	<u>          -</u>
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**RETAINED EARNINGS (DEFICIT), END OF YEAR**

\$ (15,998)

**SCHEDULE D: Appraisal Report by Haldane Appraisals Ltd.**

Please note that titles for the Lands at the time of the Offering are included in Schedule A.

[Appraisal Report begins on following page]



**A PROSPECTIVE APPRAISAL REPORT  
OF  
FUTURE DEVELOPMENT LAND**



**LOCATED AT**

**PART OF SE ¼ 35-38-27 W4  
RED DEER, ALBERTA**

**PREPARED BY**

**W. W. (BILL) HALDANE, AACI, P.APP.**

  
*Bill Haldane Appraisals<sup>TM</sup> Ltd.*





THIRD FLOOR, 4813-47 STREET, RED DEER, ALBERTA, T4N 1R3  
PHONE: (403) 309-3500 FAX: (403) 309-3190

September 7, 2016

1625183 Alberta Inc.  
c/o 121 Aspenmere Place  
Chestermere, Alberta, T1X 0G3

RE: Prospective Appraisal of Future Development Land  
Part of SE 35-38-27 W4  
Containing 113.65 acres more or less  
Red Deer, Alberta  
Our File #SRD 10820

Pursuant to your request for a prospective appraisal of the above described property, we have conducted the required investigations, gathered the necessary data, and made certain analyses that have enabled us to undertake the appraisal. We confirm that the purpose of the appraisal is to estimate the prospective market value of the fee simple interest of the above referenced property.

Based on the inspection of the property on August 9, 2016, an estimated exposure time of approximately **six (6) to twelve (12) months**, and the investigation and analyses undertaken, we have formed the opinion, subject to the Assumptions and Limiting Conditions contained herein, that the **Market Value** of the subject property as of **August 9, 2020** is forecasted to be:

**TWENTY THREE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS**  
**\$23,140,000 -AS PROPOSED**

The Gross Sales Potential of the subject property as of **August 9, 2020** is forecasted to be:

**SEVENTY NINE MILLION FOUR HUNDRED TWELVE THOUSAND DOLLARS**  
**\$79,412,000 -AS PROPOSED**

The Narrative Appraisal Report which follows sets forth the identification of the property, the critical assumptions and limiting conditions, pertinent definitions, facts about the area and subject property, comparable data, the results of the investigation and analyses, and the reasoning leading to the value conclusion. This report is to be read in its entirety with this letter of transmittal attached to the following report in order for the value estimate to be considered valid.

Sincerely,

W. W. (Bill) Haldane, AACI, P.APP



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## SECTION II

### EXECUTIVE SUMMARY

<b>Effective Date of Appraisal</b>	<b>August 9, 2020 (Prospective Appraisal)</b>
<b>Property Inspection Date</b>	August 9, 2016
<b>Real Property Type</b>	Future Development Land
<b>Subject Legal Description</b>	Part of SE 35-38-27 W4
<b>Date of Construction</b>	Not applicable
<b>Building Size</b>	Not applicable
<b>Parcel / Site Size</b>	113.65 acres
<b>Registered Owners</b>	1625183 Alberta Inc.
<b>Property Rights Appraised</b>	Fee Simple Estate
<b>Proposed Land Use Classifications</b>	R1 Residential (Low Density) District, R1A Residential (Semi-Detached Dwelling) District, R1G Residential (Small Lot) District, R2 Residential (Medium Density) District, R3 Residential (Multiple Family) District, C5 Commercial (Mixed Use) District.
<b>Existing Use</b>	Vacant land
<b>Highest and Best Use</b>	Residential/Commercial subdivision
<b>2015 Assessment</b>	Not applicable
<b>2015 Property Taxes</b>	Not applicable

#### **PROSPECTIVE VALUE CONCLUSIONS (AS PROPOSED):**

<b>PROSPECTIVE TOTAL GROSS SALES POTENTIAL</b>	<b>\$79,412,000</b>
<b>PROSPECTIVE DEVELOPMENT APPROACH</b>	<b>\$23,140,000</b>
<b>PROSPECTIVE ESTIMATE OF MARKET VALUE</b>	<b>\$23,140,000</b>





## SECTION III

### BASIS OF THE APPRAISAL

#### 1. THE SUBJECT PROPERTY

The subject of this appraisal report comprises approximately 113.65 acres of future development land in the City of Red Deer, Alberta. The owner is proposing to develop the property with a residential/commercial subdivision. The estimated date of the start of development is August, 2020.

The property is legally described as Part of SE 35-38-27 W4.

#### 2. EFFECTIVE DATE OF APPRAISAL

This appraisal is a prospective appraisal with an effective date of August 9, 2020. This date was chosen as the estimated date that the proposed subdivision development will begin. It was based on the estimated date that all City of Red Deer services are available to the property and all land that is closer to the existing development in the City is sequentially developed. The subject property was inspected by Bill Haldane, AACI, P.App. on August 9, 2016.

#### 3. PROPERTY RIGHTS APPRAISED

The property rights appraised relate to the Fee Simple Estate, which is defined as follows:

*“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power, and escheat. Owners in fee simple may choose to improve or not to improve their property. They may also retain ownership or transfer property title by selling the property or giving it away.”* Source: AIC, page 114.

These rights give the owner the choice of use and the right to enjoy or profit from ownership of the estate. Source: AIC

#### 4. PURPOSE & INTENDED USE

The purpose of this prospective appraisal is to estimate the Market Value of the subject property as of August 9, 2020. The intended use of the appraisal is for information purposes.

## **5. SCOPE OF WORK**

The scope of the appraisal pertains to the collection, confirmation and reporting of data, and the analysis of same. The scope of this appraisal required collecting primary and secondary data relative to the subject property. The depth of the analysis is intended to be appropriate in the relation to the significance of the appraisal issues as presented herein. This report has been prepared in compliance with the valuation regulations as set forth by the Canadian Uniform Standards of Professional Appraisal Practice (“the Standards”) as required by the Appraisal Institute of Canada. The process involved in completing the appraisal is summarized as follows:

- *The subject property was personally inspected by the appraiser. Together with any pertinent information supplied by the client, the property inspection forms the basis for the property description contained herein.*
- *General information and data about the area is based on material obtained from the City of Red Deer and Alberta First.com. Additionally, the neighbourhood description section of this report is based on information obtained from a physical inspection of the area by the appraiser.*
- *All definitions of terms contained herein are from The Dictionary of Real Estate Appraisal (3<sup>rd</sup> Edition), published by THE APPRAISAL INSTITUTE, 1993 and The Appraisal of Real Estate (Canadian Edition), published by the APPRAISAL INSTITUTE, 1992.*
- *The subject property legal description and ownership profile was confirmed by way of a title search at the North Alberta Land Registration District Land Titles Office. Further, information pertaining to land use/zoning was obtained from the appropriate departments at the City of Red Deer. As the property has not been assessed in its proposed state, there is no applicable assessment or taxes.*
- *The highest and best use of the property was estimated, assuming the land to be both vacant and as developed. Criteria considered in this analysis related to physical possibility, financial feasibility, and maximum profitability of potential land use.*
- *The research conducted in this analysis relative to comparable property sales has included data from our own files (Bill Haldane Appraisals Ltd.) as well as Alberta Data Search, the Matrix Multiple Listing Service, sales agents, vendors, purchasers and other reliable and knowledgeable sources familiar with the subject property’s real estate market.*
- *The three traditional valuation methodologies considered in each appraisal assignment include the Cost Approach, the Income Approach, and the Direct Comparison Approach. The Valuation techniques used in this appraisal are deemed relevant for the subject property type. Following completion of the research and analysis of all pertinent data, a final estimate of market value was concluded for the subject property as at the specified valuation date.*
- *Reasonable efforts have been made to verify all information utilized within this report. Although the information obtained from the various sources is believed to be accurate, no warranty or representation is provided with respect to its accuracy.*
- *The scope of the appraisal does not include market analyses, economic, legal, or market feasibility studies, or detailed highest and best use analyses other than what would ordinarily be required as a normal part of the appraisal process.*

*Basis of the Appraisal, cont.*

- *The subject property has been appraised on a “cash equivalent basis” which does not consider any current or long-term assumable financing in the market value conclusions.*
- *As Market Value is dynamic and continually changing due to changing market forces, the appraisal is limited to estimating and not “determining” the market value of the subject property.*
- *The appraiser is not a qualified legal expert. Therefore, legal investigation regarding any adverse influences affecting the Title, or marketability of the subject property is outside the scope of this appraisal.*
- *No environmental reports relating to toxic contamination or soil stability have been utilized unless expressly stated within the report. Appraisers are not qualified to complete inspections in these areas, nor are they trained to detect the presence or absence of toxic materials.*

## **6. ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal report is contingent upon a number of general assumptions and conditions, which are listed in Schedule 4 of the Addenda. The following assumptions and limiting conditions were also considered in this report.

### **ORDINARY ASSUMPTIONS**

- a. The size of the subject site was obtained from Alberta Land Titles and is assumed to be correct. Should the information be incorrect then the value estimate(s) contained herein may require adjustment.
- b. Although the existing use appears to be a legal and conforming use, no warranty or representation is made to that effect. It is therefore assumed that the existing use is legal and conforming.

### **EXTRAORDINARY ASSUMPTIONS**

An Extraordinary Assumption refers to a hypothesis, either supposed or unconfirmed, which, if not true, could alter the Appraiser's opinions and conclusions.

- a. *In this appraisal report, it was assumed that the subject lands are adjacent to existing fully serviced residential subdivisions and close to all required amenities including schools and shopping.*
- b. *This appraisal report is a prospective report with an Effective Date of August 9, 2020.*

## **EXTRAORDINARY LIMITING CONDITIONS**

An Extraordinary Limiting Condition refers to a necessary modification or exclusion of a standard rule of appraisal. Before accepting any appraisal assignment that requires invoking an Extraordinary Limiting Condition or Conditions, the Appraiser must consider whether the scope of work required will result in credible opinions and conclusions.

In this report, **no extraordinary limiting conditions were invoked.**

## **7. DEFINITION OF MARKET VALUE**

Market Value is defined by the International Valuation Standards (2000) as:

*“...the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”*

Market Value can be further defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

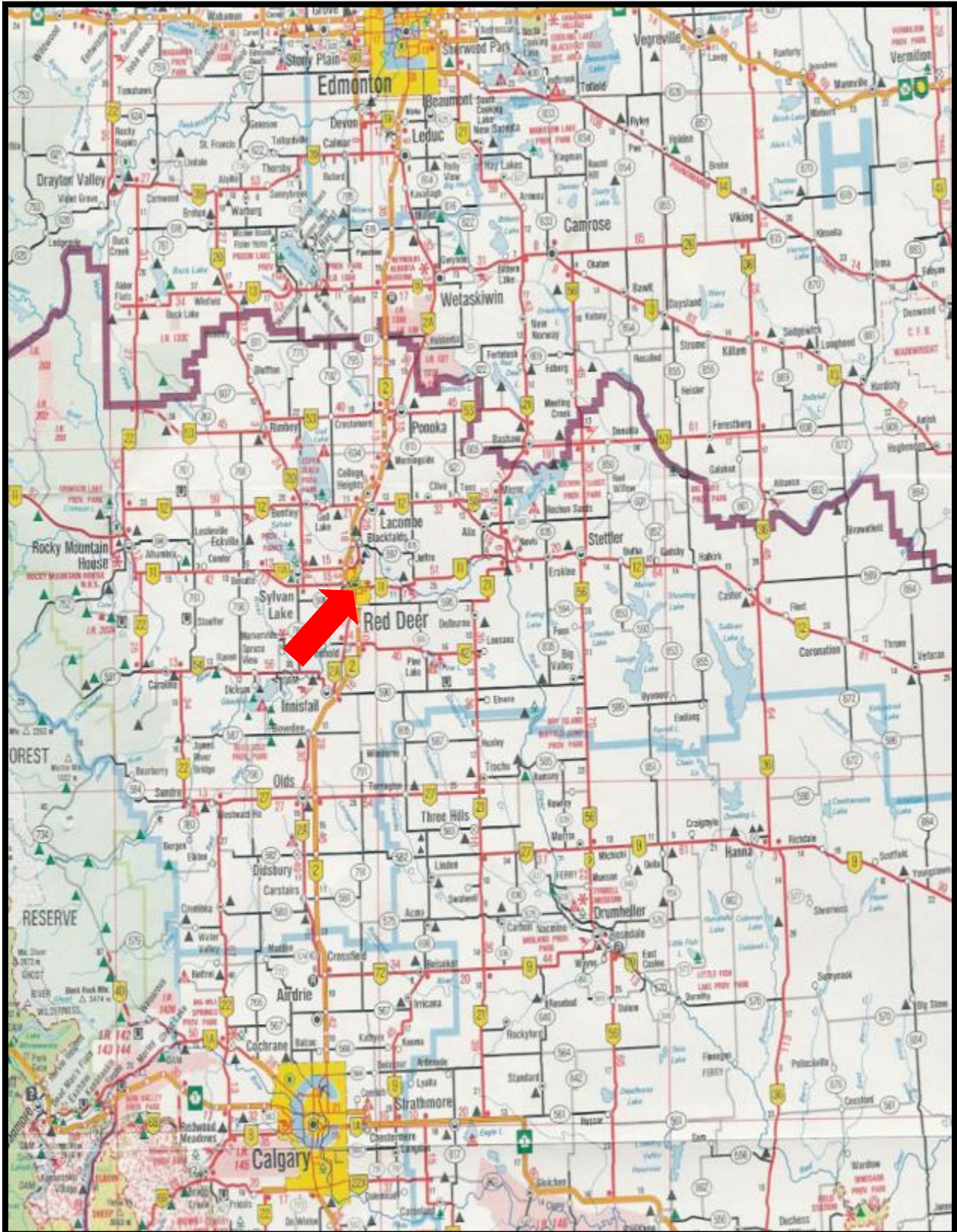
- Buyer and Seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## **8. DEFINITION OF EXPOSURE TIME**

- The time a property remains on the market.
- The estimated length of the time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time and conclusion of value are therefore interrelated.

Based on our discussions with market participants and information gathered during the research verifications process, a reasonable exposure time for the subject property at the values concluded within this report would have been approximately six (6) to twelve (12) months. This assumes an active and professional marketing plan would have been employed by the current owner.

# REGIONAL MAP



## SECTION IV

### FACTUAL DATA

#### 1. REGIONAL, LOCAL AND NEIGHBOURHOOD ANALYSIS

In the summer of 2009, major economies around the world began emerging from the worst recession since the 1930's. Government bailouts, historically low interest rates, and unconventional monetary policy helped stabilize financial institutions. Governments around the world also announced massive fiscal stimulus packages that included new infrastructure spending and help for troubled industries, in particular the housing and automotive industries.

Despite a difficult global economic climate, Alberta's economy has fared well. Actual results for the last 9 months of 2014 indicated an operational surplus of \$4.3 billion. This surplus is \$2.2 billion higher than the estimate in the 2014 Provincial Budget. Business investment has been strong, fueled by gains in oil-related activity. A strong labour market has attracted large numbers of migrants and has driven up consumer spending and housing activity. Alberta is leading the country in the number of jobs gained.

The Government of Alberta is committed to building Alberta's infrastructure and invested \$22 billion from 2008 to 2011 in its roads, schools, and hospitals. This was the highest commitment of its kind in Canada.

Overall, real Gross Domestic Product (GDP) grew by 4.4% in 2014, the strongest growth rate among the Canadian provinces and the fifth consecutive year of robust growth. Solid gains in business investment, consumer spending, and housing fueled this growth. As Alberta's economy is driven by trade and commodities, it is highly susceptible to developments in the global economy. A resurfacing of Euro zone debt tensions combined with moderating emerging market growth have injected some uncertainty into financial markets. This has contributed to a pullback in oil prices and put downward pressure on the value of exports and corporate profits.

Resource revenue decreased \$503 million to \$8.7 billion, mainly due to lower forecast oil prices, higher costs of production, and lower land lease sales. This decrease in revenue is partially offset by lower forecasts for the light-heavy oil price differential and the exchange rate for the US dollar, and higher natural gas production. The West Texas Intermediate oil price forecast has decreased \$15.98 US per barrel to \$79.24 and the light-heavy differential has declined from \$25 US per barrel to \$17.49 per barrel.

Energy market conditions deteriorated rapidly from June, 2014, with world oil prices decreasing over 50%. Lower oil prices will weigh heavily on corporate profits, which are forecast to fall sharply in 2015. The impact of lower oil prices on real economic growth is expected to be less severe than on incomes. Alberta's real GDP is expected to expand in 2015 but at a much slower pace of 0.6%, down from the second quarter forecast of 2.8%.

# Alberta Economy

## Indicators at a Glance

### Real GDP by Industry

In 2014, Alberta's real GDP by industry grew by 4.4%, the strongest growth rate among the provinces and the fifth consecutive year of robust growth. Nationally, real GDP grew by 2.4% in 2014, up from 2.1% in 2013.

### Population

Alberta's population was 4,160,044, as of January 1st, 2015. This was an increase of 2.5% the year prior. Nationally, population grew 1.0% from a year ago.

### Migration

Net migration to Alberta was 6,530 in the fourth quarter of 2014. Alberta welcomed 2,352 international migrants and 4,178 interprovincial migrants.

### Employment<sup>1</sup>

Alberta gained a surprising 12,500 jobs in April. A loss of 7,600 full-time positions was more than offset by a gain of 20,100 part-time positions. This amounts to 2.4% year-over-year growth.

### Unemployment Rate<sup>1</sup>

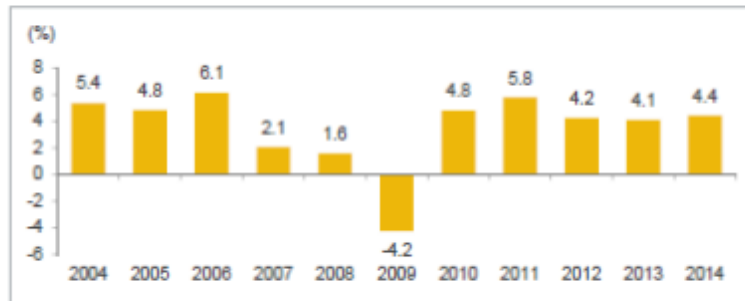
Alberta's unemployment rate held steady at 5.5% in April after surging a full percentage point from January to March.

### Rigs Drilling

The average number of active rigs in Alberta was 51 in April, a 64% decrease from April 2014 and the lowest number of active rigs for the month of April since 2009.

### Real GDP by Industry

Annual, % change



Source: Statistics Canada

### Demographics

Quarterly



Source: Statistics Canada

### Labour Market

Monthly



Source: Statistics Canada



*Factual Data, cont.*

Other Alberta industries, such as forestry, agriculture and manufacturing, will continue to boost output over the near term, bolstered by a lower Canadian dollar, easing cost pressures, and a stronger US economy.

In the manufacturing sector, the plastic and chemical industry has sustained strong levels of investment, raising capacity and exports. The Joffre polyethylene plant expansion, which is due to come in late 2016, will provide an additional lift. Petroleum manufacturing will expand substantially in 2017 with the completion of the \$8.5 billion North West Upgrader, which will add 50,000 barrels per day in refining capacity.

In the near term, the slowdown in oil and gas activity in both Canada and the US will lead to a drop in demand for Alberta's oil-related machinery and fabricated metal. As a result, growth in manufacturing exports will slow by over 50% in 2015.

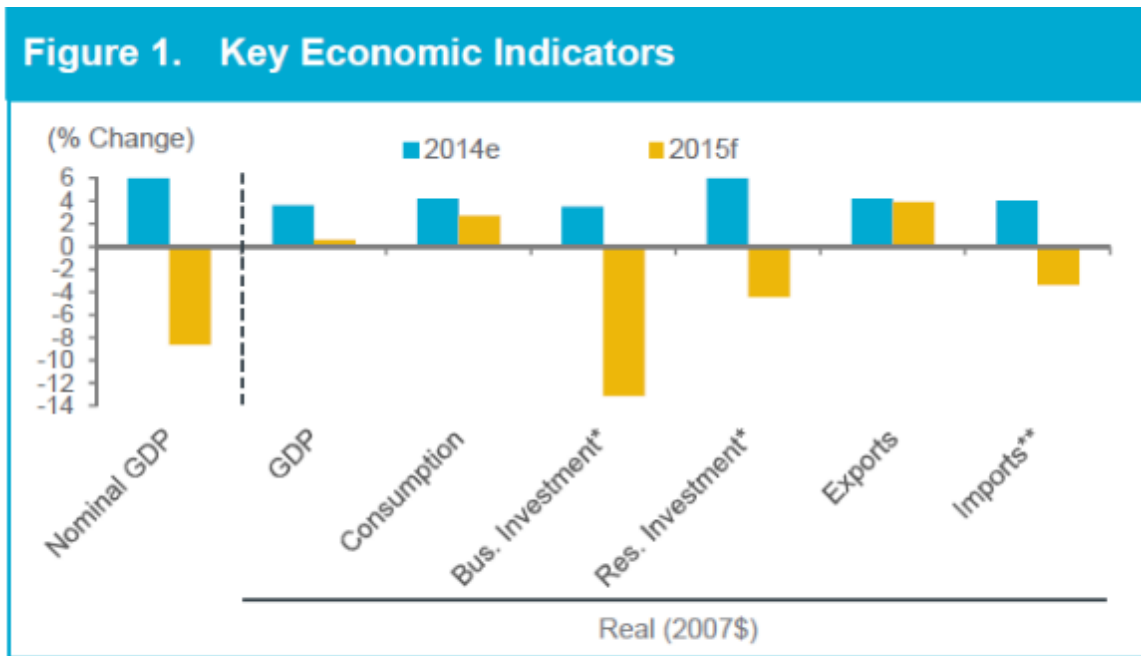
In the agriculture sector, market conditions have shifted in favour of the livestock industry. Cattle producers will continue to reap the benefits of higher prices, as the cattle stock in North America has fallen to its lowest level in decades. Prices are expected to remain strong in 2015, which should support higher production in Alberta. Cash receipts for crop producers eased in 2014 due to lower canola and wheat prices.

International trade is crucial to the continued growth of Alberta's agricultural and food manufacturing industries. Recent trade agreements should open up additional markets. The economic impact of the recent BSE case in Alberta is expected to be limited as countries restricting beef imports amount to only 4% of Alberta's total market. The largest markets for beef remain open.

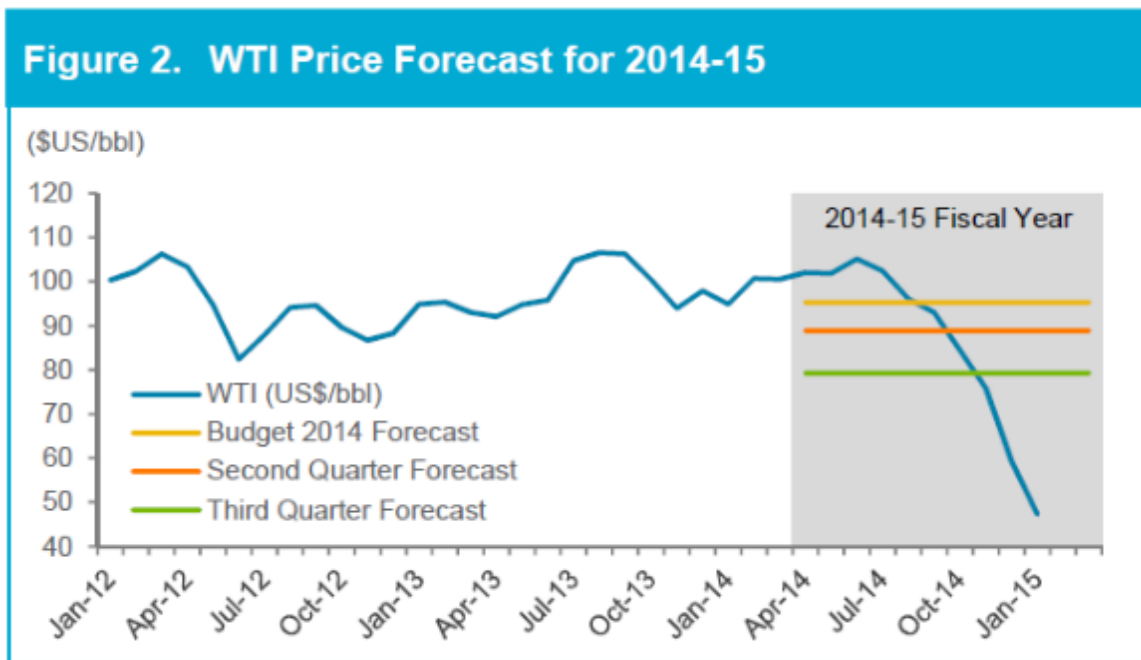
The forest production sector will continue to expand, aided by higher prices, the weaker Canadian dollar, as well as increased demand from the US and Asia. Lumber mills are currently operating at capacity and will need to invest to increase output in existing facilities. Alberta's forestry sector has been resilient in the face of the US housing collapse. Production has been increasing for the past 4 years, supported by growing demand in Asia and by the recent recovery in US housing.

The transportation sector has witnessed tremendous growth and will continue to expand over the medium term given the production profile of the oil sands and other sectors. There is a need to build and expand the pipeline infrastructure, with \$8.7 billion in capital projects currently underway and more expected. Bottlenecks in the pipeline system have pushed crude oil into the rail network. The number of rail cars carry crude oil from Western Canada has quadrupled since 2011. Energy and rail companies are investing heavily into crude oil loading facilities and capacities are expected to double over the next few years.

Non-residential construction started to pick up in the second half of 2013. Building permits have posted solid gains the past 2 years. Government capital spending is expected to remain strong in 2015. Ongoing infrastructure projects in Alberta's major centres should add to construction activity. Recent growth reflects a need to catch up after years of exceptional economic and population gains.



Source: Alberta Treasury Board and Finance  
 \* Refers to Business Investment and Residential Investment  
 \*\* Imports subtract from GDP



Sources: Alberta Energy and Alberta Treasury Board and Finance

WTI – West Texas Intermediate Oil

The pace of construction will wane in late 2015 and 2016 as economic activity slows, before picking up again in the medium term. Investment in electricity infrastructure is expected to increase over the forecast period as construction continues on several new power plants and transmission lines.

Alberta's labour market is expected to slacken in 2015. The average level of employment is forecast to be only 0.6% higher than in 2015. Strong job growth in late 2014 provided momentum going into 2015, however lower oil prices are starting to have an impact.

In February, there were 14,000 fewer jobs in Alberta. Employment is expected to fall further for the remainder of the year and, as a result, the unemployment rate is expected to increase from 4.7% in 2014 to 5.9% by 2016. Job losses will be concentrated in the energy sector, but other sectors that rely on oil activity will also be affected. Weakness in the labour market is expected to persist through 2016 before improving as activity in the province picks up.

A weaker labour market will translate into softer earnings growth. Growth in household income, a key driver of personal income tax revenue, is forecast to slow by more than 50% to 2.4% in 2015 and 3.5% in 2016 before improving.

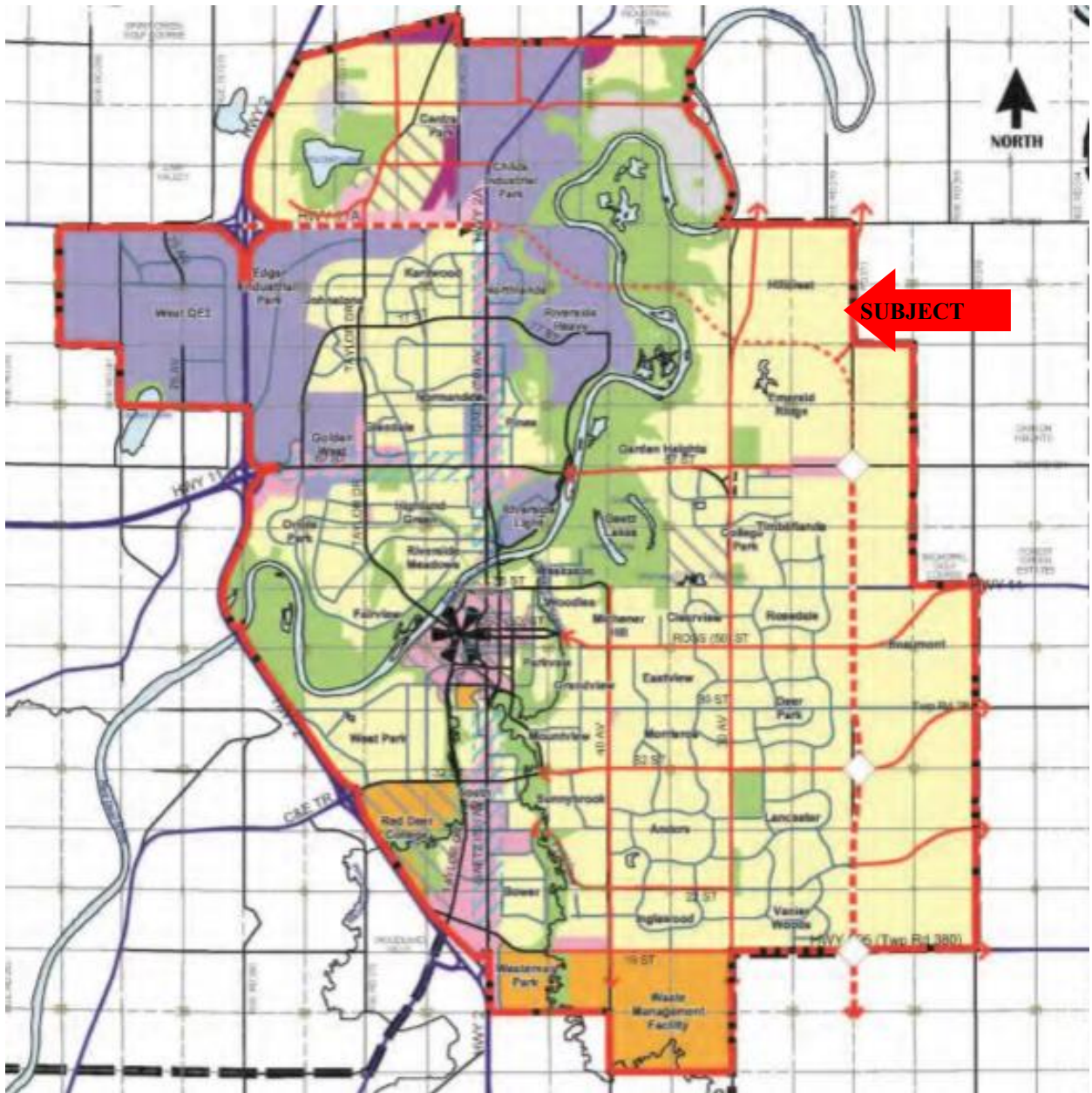
Alberta's housing sector has been tight until recent changes in sentiment following the oil price plunge has quickly pushed the resale market from a seller's market to a buyer's market. Resale activity has declined resulting in a drop in prices. Despite changing conditions, residential construction is expected to hold up better than during the 2009 downturn. The rental market remains tight and housing inventories are near record lows due to record migration in the past 3 years resulting in a demand for more housing.

Albertans are among the best educated people in North America. Alberta has a total of 26 publicly-funded post secondary institutions, including 4 universities, 2 technical institutes, 14 public colleges, 6 private university colleges that receive public funding. The Banff Centre is a globally respected arts, cultural, and educational institution and conference facility located in Banff.

In summary, due in part to sagging oil prices, Alberta's economy is expected to slow significantly in 2015, following a robust 5 year expansion. Nevertheless, a contraction in real economic activity is not expected. Contributions from trade and consumer spending are forecast to keep the economy growing at a modest rate of 0.4%. The economy will improve as oil prices climb.

In an extensive report recently completed by the Toronto Dominion Bank, the Calgary-Edmonton corridor is described as an economic powerhouse in Canada and the only region in the country to match U.S. cities in productivity and standard of living. The 260 kilometer stretch of Q.E. Highway 2 between the province's two largest cities is not only blessed with massive resource wealth, but is also rich with a young skilled work force and one of the lowest costs of business on the continent. The report also stated that if the Province of Alberta were a country, it would outrank Canada, the United States and virtually all industrialized nations in gross domestic product per capita, second only to Luxembourg.

# CITY OF RED DEER



Commercial	Collector	<b>INTENSIFICATION AND MIXED USE OPPORTUNITIES</b>	Corridor
Industrial	Rural Collector		Mixed Use
Residential	Expressway (proposed)	Major Node - Downtown	
Public Service	Molly Barrister Alignment		
Open Space - Major	North Highway Connector (non-expressway pattern)		
General Commercial/Light Industrial	Arterial (proposed)		
To Be Determined	Interchange		
Highway	City of Red Deer Growth Area (Per Intermunicipal Development Plan)		
Arterial Road	City Boundary		

**Generalized Land Use Concept**

**CITY OF RED DEER**

Municipal Development Plan

Amended June 13, 2011 by Bylaw Number 3404/A-2011  
 Amended June 10, 2013 by Bylaw Number 3404/A-2013  
 Amended January 18, 2016 by Bylaw Number 3404/A-2015

January, 2016

**General Notes:**  
 This map shows generalized indications of land use and major roadways and is not intended for scaling or detailed design. The land use patterns and major roadways must be interpreted with the text of this plan. Detailed land use boundaries and road alignments will be identified through area structure plans and/or area redevelopment plans.

## **2. COMMUNITY OVERVIEW: CITY OF RED DEER**

### **LOCATION**

Red Deer is located in the heart of south-central Alberta, in Red Deer County #23, midway between, and within 150 kilometers of both Calgary and Edmonton, approximately 470 kilometers north of the Canada-U.S. border. Its elevation is 2,820 feet above sea level. The City encompasses some 23.94 square miles.

### **AREA OVERVIEW**

Red Deer is Central Alberta's trading and distribution center. Oil, natural gas, sulphur, coal, sand and gravel, timber and agricultural products are some of the raw resources found in the Red Deer vicinity. The proximity of Alberta's major cities creates a potential market of over 2 million people within a 160 kilometer radius. Red Deer is the only city within the Prairie Provinces which can claim such a distinction.

Red Deer area continues to be one of the fastest growing markets in Canada. Low operating costs, advanced infrastructure, a young and educated workforce, as well as access to national and international transportation systems and a trade area of more than 225,000 people are just some of the factors that have fueled Red Deer's strong and diversified economy. Key sectors include oil and gas, petrochemicals, agriculture, tourism and a number of broad-based services.

### **ECONOMIC BASE**

#### **Reports from the Experts**

- TD Economics, in a report released April 2007, found Red Deer at the center of one of the hottest economic regions in the world.
- A recent KPMG Competitive Alternatives Report ranked the Red Deer Region's business operating costs among the most competitive in the world.
- BMO Financial Group rates the City of Red Deer as a hotbed of growth for businesses employing fewer than 50 people.

#### **The Economy**

- Above average levels of private sector investment and new business starts since 2000 have fueled a growing and diversified economy.
- Building permits in the area have reached record levels.
- Alberta will continue to lead the Canadian economy in GDP growth.

### **The Market**

- Red Deer is the only region on the Canadian prairies with access to more than two million people within a 90-minute drive.
- The immediate trade area is home to over 200,000 people.

### **The Workforce**

- The Region's active workforce is young, educated and productive.

### **Infrastructure**

- The Region has modern and ever-expanding infrastructure. A formidable fibre optics network, good quality roads, modern rail lines, two international airports and one regional airport, support Red Deer's reputation as Central Alberta's distribution and service centre.

### **Natural Resources**

- Central Alberta has abundant natural resources with rich fertile soil and a generous supply of minerals and forests.
- Natural resources and raw materials include agriculture [canola, barley, oats, beef, pork, dairy products, beer, packing house and meat processing], petroleum [oil, natural gas, petrochemical products], coal [coal products], and sand & gravel [concrete, concrete products].

The Calgary-Red Deer-Edmonton Corridor is recognized around the world as a major economic force. The Corridor produced a per capita GDP second only to Luxembourg. TD Economics estimated the per capita GDP at \$40,000 (US)—well ahead of the United States, Norway, Switzerland and Ireland. This is almost \$15,000 higher than Canada's national average.

Red Deer's economy has experienced significant diversification during recent years. The community was founded as a centre to service a rich agriculture area, and while mixed farming continues to play an important part in Red Deer's overall economy, many other sectors have developed. Agriculture drives an ever-growing food processing industry that employs almost a quarter of those citizens engaged in manufacturing. The service aspect of the petroleum industry continues to centre its activities in the Red Deer area; petrochemicals were added in the early '70's with the development of ethylene based plants; and the tourist industry, through conventions, trade shows and special events, has emerged as an increasingly important component of the economy.

## **Economic Facts**

The major business sectors in the Red Deer area are: petroleum exploration servicing; retail and service; manufacturing; and, hospitality. The major manufactured goods of the area are: petrochemicals; meat processing; oilfield equipment and servicing; recreation vehicles; and emergency vehicles.

## **Major Businesses Products/Services**

- Nova Chemicals Ltd./ ethylene, polyethylene
- Olymel Sec L/P/ fresh pork (slaughter and cut)
- Johns Manville Canada Ltd./ fiberglass insulation materials
- Travelaire Trailer Ltd./ recreational vehicles
- DOW Chemicals/ petrochemicals
- Evraz/ steel pipe and hollow structural sections
- Quinn's Oilfield Supply/ oil well subsurface rod pumps
- Finning Canada/ heavy equipment sales and service
- Servus Credit Union/ financial services
- Trican Oilwell Service/ oil and gas servicing

## **TRANSPORTATION**

### **Air Service**

The Red Deer Regional Airport is located at Springbrook, approximately 10 kilometres south of the City of Red Deer. It is the third largest regional airport in the province and is served by Northwestern Air who provide flights to Edmonton, Dawson Creek, and Kelowna with connectors to domestic and international destinations.

The airport offers full services including restaurant, plane servicing, non-directional beacon, distance measuring equipment, and jet aviation fuel. It is currently exploring the feasibility of trans-continental service.

Red Deer is situated within 90 minutes of 2 international airports at Edmonton and Calgary. These airports provide next day service to and from most areas of the continent.

### **Highways**

Alberta Queen Elizabeth Highway #2 is the major north/south roadway in the Province which is a paved, four lane, divided highway that connects with Trans Canada Highway in Calgary, 150 km south Red Deer, and with US Highway #89 about 470 km south of Red Deer at the Coutts-Sweetgrass, Montana Crossing. Queen Elizabeth Highway #2 connects with Yellowhead Highway #16 in Edmonton, 150 km north of Red Deer. It runs near Red Deer's west municipal boundary.

David Thompson Highway #11 is the major east/west roadway through Red Deer. Highway #11 is a paved, two lane, undivided highway which traverses through the centre of the City, and links Highway #12 slightly west of Stettler to the Banff/Jasper Highway #93, 255 km west of Red Deer, linking through the Rocky Mountains at Roger's Pass to Golden, B.C.

### **Rail Service**

Rail services are provided by both Canadian National and Canadian Pacific Railways, with a full-service, inter switching agreement in place. Rail service is also provided to three industrial parks.

### **Trucking**

More than 60 firms serve Red Deer and the surrounding area. Household moving companies, motor carriers, livestock transport, motor home convoys, oil well servicing units and other trucking services are available in Red Deer.

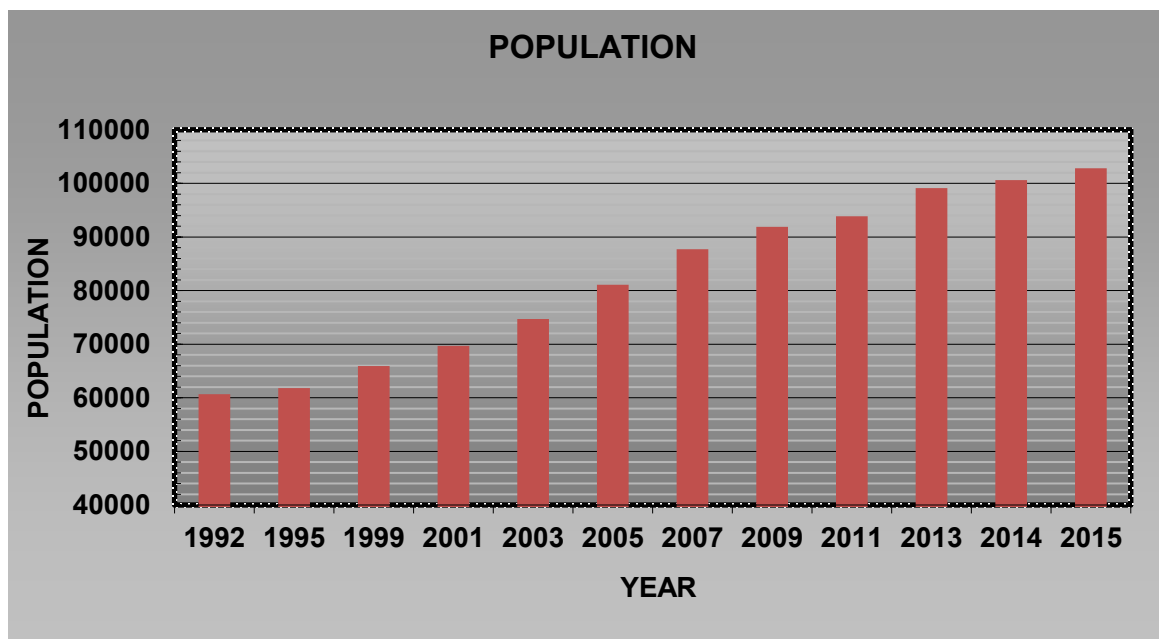


## POPULATION

Red Deer's 2015 population was 100,807, an increase of 3.81% from 2013 and 21.61% from 2006. The strongest growth occurred in the areas of Timberlands and Vanier Woods with increases of 529 residents and 425 residents respectively. Slight inclines or declines in population were experienced in other areas of the city.

Red Deer's population is distributed fairly evenly by age and sex. The largest sectors are between the ages of 30 to 34 while the smallest sectors are between the ages of 80 to 84. The average age is 37.5.

Total Population	
Population 2015	100,807
Population 2014	98,585
Population 2013	97,109
Population 2011	91,877
Population 2010	90,084
Population 2009	89,891
Population 2008	87,816
Population 2007	85,705
Population 2006	82,971
Population 2005	79,082
Population 2004	75,923
Population 2003	72,691
Population 2002	70,593
Population 2001	67,705
Population 2000	65,701
Population % change 2000-2006	26.29%
Population % change 2006-2015	17.04%

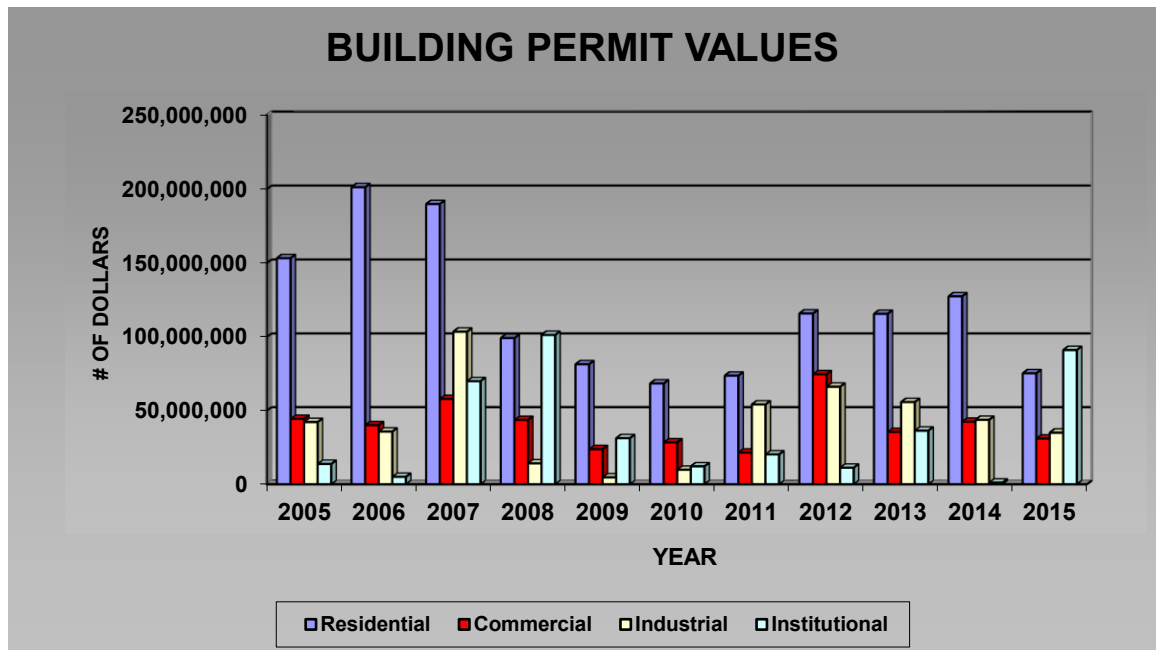


## BUILDING PERMITS

The level of building permit activity is often a good indication of local economic activity. Following is a summary of the level of building permit values in the City of Red Deer over the past ten years.

### BUILDING PERMIT VALUES (\$)

Year	Residential	Commercial	Industrial	Institutional	Total
2005	153,285,646	44,387,858	42,266,760	13,781,833	253,722,097
2006	201,262,660	40,119,900	35,787,482	5,034,817	282,204,859
2007	189,883,952	57,936,151	103,563,580	70,043,819	421,427,502
2008	99,244,802	43,672,455	14,151,445	101,350,861	258,419,563
2009	81,500,510	23,810,344	4,651,792	31,278,783	141,241,429
2010	68,456,516	28,407,438	9,817,600	12,142,992	118,824,546
2011	73,800,000	21,500,000	54,200,000	20,300,000	169,800,000
2012	115,860,713	66,235,467	74,751,744	11,231,812	268,079,736
2013	115,620,264	35,517,004	55,836,314	36,388,422	243,362,004
2014	127,462,165	42,466,435	43,763,583	1,101,072	214,793,253
2015	75,392,504	31,067,350	34,986,435	91,135,252	232,581,541



## INVENTORY OF MAJOR PROJECTS IN RED DEER

### Inventory of Major Projects

As of June 30, 2013 there were 61 projects proposed, planned, under construction or recently completed in the Red Deer region. Of these projects, 36 are in either the Infrastructure or the Institutional category.

The total value for the projects in the Red Deer region was \$2.3 billion as of September 30, 2013. One third of the projects' value is attributable to Chemicals and Petrochemicals projects, and Infrastructure accounted for an additional 17%. Power projects accounted for 16% of the region's total projects value. The Red Deer region accounts for 1.1% of the total value of Alberta projects.

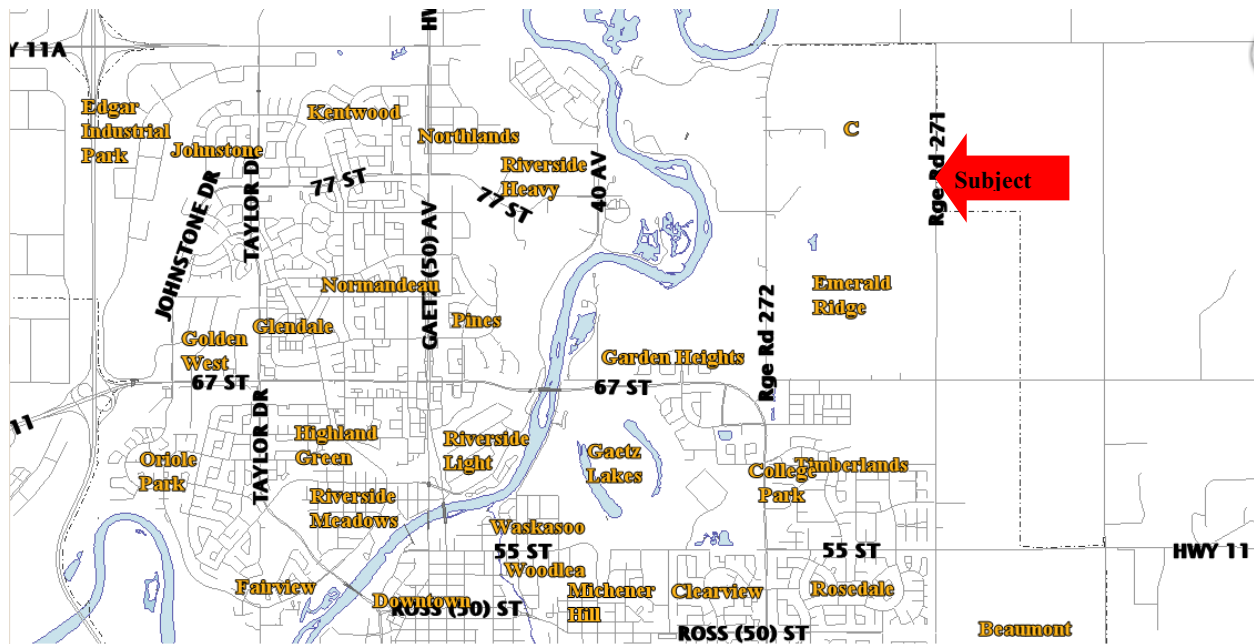
<b>Economic Indicators: Red Deer</b>		
<b>Major Construction Projects, as of June 30, 2013</b>		
<b>Industry Sector</b>	<b>Number of Projects</b>	<b>Value (\$millions)</b>
	<b>2013</b>	<b>2013</b>
Agriculture & Related	1	\$31.8
Biofuels	1	\$38.0
Chemicals & Petrochemicals	1	\$750.0
Commercial/Retail	1	\$5.5
Commercial/Retail & Residential	1	\$16.5
Infrastructure	22	\$396.6
Institutional	14	\$232.4
Oil & Gas	1	\$210.0
Pipelines	2	\$36.0
Power	3	\$375.0
Residential	4	\$46.8
Tourism/Recreation	10	\$154.4
<b>Total</b>	<b>61</b>	<b>\$2,293.0</b>
<b>% of Provincial Total</b>	<b>7.2%</b>	<b>1.1%</b>

Source: Alberta Enterprise and Advanced Education, Inventory of Major Alberta Projects

### ARIEL MAP



### AREA MAP



### **3. NEIGHBOURHOOD ANALYSIS**

The subject property is located in the northeastern quadrant of the City of Red Deer. It is situated along the west side of Range Road 271, approximately 1.6 kilometers north of 67<sup>th</sup> Street and approximately 5.5 kilometers northeast of Red Deer's downtown core.

The subject is located in the East Hill Major Area Structure Plan, which has been adopted by the City of Red Deer as a statutory plan in accordance with Section 633 of the Municipal Government Act (MGA). This section of the MGA describes an area structure plan as providing a framework for subsequent rezoning, subdivision, and development of an area of land. In addition to this plan, it is the City of Red Deer's policy to require individual neighbourhood area structure plans for each quarter section of those lands that are serviceable, prior to considering land use districting and subdivision.

The East Hill Major Area Structure Plan has its origin in the original East Hill Concept Plan prepared in 1977-1978 containing 17 quarter sections of land with an area of 2,720 acres. At that time only 4 of these quarter sections were situated inside the City Limits and the remainder were situated in Red Deer County.

The original East Hill Concept Plan has subsequently been amended by City Council in 1985 and 1989. It was converted to an area structure plan in 1993 and amended on numerous occasions from 1998 to 2012. During this time the plan responded to changes in Provincial legislation, City boundary expansions that added undeveloped and annexed lands to the plan, updated land use, servicing and transportation information, and the need to identify environmentally significant natural areas, school locations, and areas for commercial development.

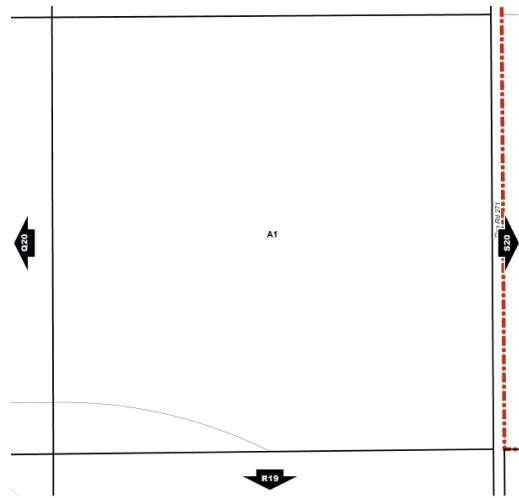
#### **SUBJECT PROPERTY**

As previously mentioned, the subject property is located approximately 5.5 kilometers northeast of the downtown core. It is situated on the west side of Range Road 271 as shown on the East Hill Major Area Structure Plan in the Addendum. Reference is also made to the Ariel Map and the Area Map on the preceding page.

Surrounding properties include farmland and small acreage holdings of varying sizes and with varying degrees of improvements.

In summary, it is the writer's opinion the subject property's location within the area will provide good development potential in terms of vehicular ingress/egress in the year 2020. There was nothing detrimental noted in the immediate vicinity of the subject property that could affect its marketability.

## LAND USE MAP



Land Use Bylaw 3357/2006

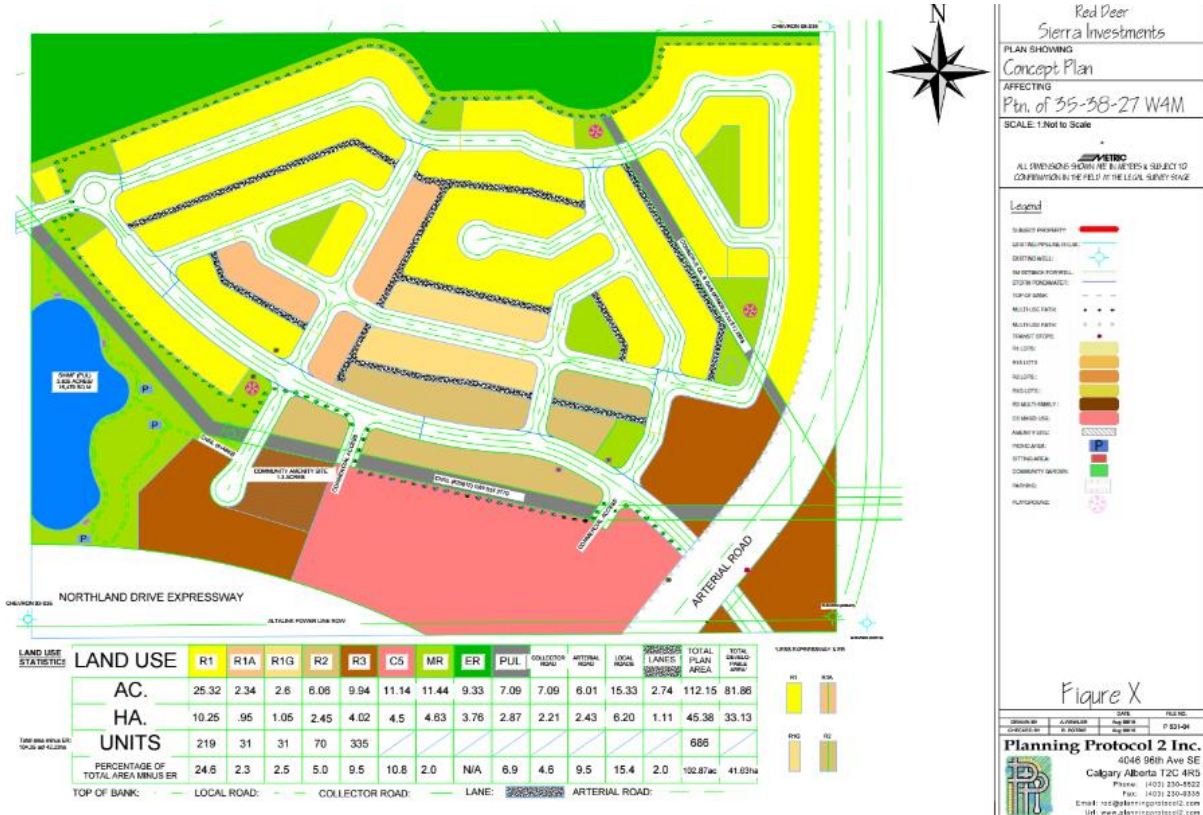
North  
Scale 1:5,000  
© The City of Red Deer

Land Use District Boundary  
Land Use District  
Exception to District  
Exempted from District  
Height Overlay District  
Density Overlay District  
Secondary Suite Permitted

Historical Preservation Sites  
Historically Significant Sites  
Historical Site Number  
City Boundary  
Civic Address  
Railway  
Proposed Lots

Printed on Jun 18, 2013  
**Land Use Districts**  
**R20**  
SE1/4 Sec25 39-27-W4  
*Refer to Constraints Map*

## CONCEPT PLAN FOR SUBJECT PROPERTY



## **4. LAND USE CLASSIFICATION**

Land Use Bylaw No. 3357/2006 regulates all lands within the City of Red Deer. Under this Bylaw, the subject is currently zoned A1 Future Urban Development District.

### **General Purpose of the A1 Future Urban Development District**

*“The general purpose of this district is to allow agricultural and related uses until such time as the land is required for urban development.”*

For a detailed list of the Permitted and Discretionary uses of this land use district, reference is made to a copy of the land use excerpt in Schedule 3 of the Addenda.

Based on a personal inspection of the site as well as available data, the subject appears to be a legal and conforming use as defined under the Permitted Uses of the current Land Use Bylaw.

### **Concept Plan**

The Concept Plan for the subject property indicates the proposed land uses for the subject property. According to this plan, there will be approximately 219 R1 Residential (Low Density) District lots, 31 R1A Residential (Semi-Detached Dwelling) District lots, 31 R1G Residential (Small Lot) District lots, and 35 R2 Residential (Medium Density) District lots. In addition, there will be 3 lots, containing a total of 9.94 acres, that will each have a land use designation of R3 Residential (Multiple Family) District, and 1 lot containing 11.14 acres that will have a land use designation of C5 Commercial (Mixed Use) District.

Reference is made to the Land Use Map and the Concept Plan on the preceding page.

Photocopies of the sections of the Land Use Bylaw, which pertain to the existing and proposed land use designations, are contained in the addendum. This section provides all of the requirements for these land use designations including permitted uses, discretionary uses, and supplementary regulations.

### **General Purpose of the R1 Residential (Low Density) District**

The general purpose of the R1 Residential (Low Density) District *“is to provide land which will be used for low density residential development.”*

### **General Purpose of the R1A Residential (Semi- Detached Dwelling) District**

The general purpose of the R1A Residential (Semi- Detached Dwelling) District *“is to provide land which will be used for low density residential development including semi-detached dwelling units.”*

### **General Purpose of the R1G Residential (Small Lot) District**

The general purpose of the R1G Residential (Small Lot) District *“is to provide land which will be used for small lot detached housing with mandatory front attached garages to create increased opportunity for more efficient utilization of land in small and comprehensively planned residential development clusters.”*

### **General Purpose of the R2 Residential (Medium Density) District**

The general purpose of the R2 Residential (Medium Density) District district “*is to provide a medium density residential area with a mixture of housing types and residential accommodation and at the same time control, regulate and encourage the development or redevelopment of residential uses that are compatible with the neighbourhood, the immediate site and growth policies of the Municipal Development Plan.*”

### **General Purpose of the R3 Residential (Multiple Family) District**

The general purpose of the R3 Residential (Multiple Family) District “*is to accommodate and control medium and high density residential development.*”

### **General Purpose of the C5 Commercial (Mixed Use) District**

The general purpose of the C5 Commercial (Mixed Use) District “*is to allow for a variety and mix of commercial and residential uses in the context of a sustainable, healthy and pedestrian focused neighbourhood. This area is suitable for collector street orientated retail development incorporating residential uses above. While mixed use commercial buildings are envisioned, separate freestanding residential or commercial buildings will be allowed.*”

### **Conformity Analysis**

Generally, development of lands with the above designations is governed by various regulations. For details of these regulations, see the Land Use Bylaw excerpts in Schedule 3 of the Addendum.

The proposed use of the subject property is a subdivision containing residential and commercial lots. Subsequent to the proposed rezoning, this use would be considered a permitted use under the current land use bylaw.

On that basis, the proposed use is considered to be a legal, conforming use, save and except any non-recorded land use bylaws and permits, subdivision rules and regulations, board of health regulations, sewer and water regulations, flood plain or aquifer protection, historic designations, contamination or toxic waste considerations, encroachments and other filings which may affect the subject's current and/or intended status.

### **Entitlements**

The appraiser is not aware of any entitlements, including development agreements and vested tentative plans or maps, which could significantly influence the value of the subject property; adding to its worth when they are in place or substantially reducing it when they expire. The appraiser is not aware of any land use, zoning, acquisition, or environmental permits that are attached to these lands.



## **5. ASSESSMENT AND TAXES**

As the subject property has not been assessed as a subdivision containing serviced residential and commercial lots, there is no applicable assessment or taxes.

## **6. SITE DESCRIPTION AND ANALYSIS**

### **Site Area**

The total area of the subject property is 113.65 acres.

On the date of the appraisal, there was no proposed subdivision plan for the subject property. The client supplied the writer with a Concept Plan which indicated, upon completion of subdivision, there will be 46.26 acres of residential land and 11.14 acres of commercial land. The remainder of the property will be a combination of municipal reserve, environmental reserve, public utility lots, roadways, and lanes.

The Concept Plan for the subject property indicates a total of 316 lots with a mix of land use designations of R1 Residential (Low Density) District, R1A Residential (Semi-Detached Dwelling) District, R1G Residential (Small Lot) District lots, and R2 Residential (Medium Density) District.

There will be approximately 219 R1 Residential (Low Density) District lots, 31 R1A Residential (Semi-Detached Dwelling) District lots, 31 R1G Residential (Small Lot) District lots, and 35 R2 Residential (Medium Density) District lots.

In addition, there will be 3 lots, each containing approximately 3.313 acres, that will each have a land use of R3 Residential (Multiple Family) District, and 1 lot containing 11.14 acres that will have a land use of C5 Commercial (Mixed Use) District.

Information received from the client indicated there will be a total of 1,501,236 square feet (more or less) for the lots with land use designations of R1 Residential, R1A Residential, R1G Residential, and R2 Residential. The total land area of each land use designation is as follows:

R1 Residential (Low Density) District	-	1,094,124 square feet
R1A Residential (Semi-Detached Dwelling) District	-	120,125 square feet
R1G Residential (Small Lot) District	-	112,127 square feet
R2 Residential (Medium Density) District	-	<u>174,860 square feet</u>

**Total Area of Single Family and Semi-Detached Lots - 1,501,236 square feet**

### **Availability of Services:**

The subject sites will be serviced with all city services including power, water, sewer, natural gas, and telephone. The roads will be paved and there will be poured concrete sidewalks, curbs and gutters.

### **Soil & Topography:**

The subject property is fairly level and appears to have good drainage. No soil tests have been completed as this is beyond the scope of this report.

After taking into consideration surrounding developments, we assume that no major soil problems exist. An engineer's certificate has not been provided nor undertaken. The assumption has been made that no environmental problems exist on the subject property. This reference includes surface and subsurface.

### **External Depreciation**

External depreciation is a loss in value to the subject site as a result of an external, non-comparable influence. It is caused by factors outside of the property, such as changes in demand, the uses of the other properties in the area, zoning, and government regulations.

The subject property is located in a recently annexed area of the City of Red Deer and is identified in the East Hill Area Structure Plan as future residential. There are no detrimental land uses in close proximity to the subject site.

Therefore, there is no applicable external depreciation.

### **Summary and Conclusion:**

The subject's physical characteristics including location, shape, overall size, soil characteristics, etc. are all well suited for a residential/commercial subdivision. There are no factors outside of the property that would adversely affect the Market Value of the subject property.

## **6. SALES / OWNERSHIP HISTORY**

The Canadian Uniform Standards of Professional Appraisal Practice (the Standards) require investigation and analysis of transactions involving the subject property within three years prior to the effective date of the appraisal.

A land title search indicated that a Road Plan was registered on July 26, 2012. The subject property has not transferred in the 3 year period prior to the effective date of the appraisal. Therefore, there is no applicable sales history.

To the writer's knowledge, the subject property is not currently listed for sale.

A copy of the Certificate of Title is located in the Addendum at the back of this report.

## **7. CERTIFICATE OF TITLE: ENCUMBRANCES, LIENS & INTERESTS**

The property that the subject property consists of one land parcel held under one Certificate of Title described as follows:

LEGAL DESCRIPTION : Part SE ¼ 35-38-27 W4  
TITLE NUMBER : 122 242 049  
LAND AREA : 113.65 acres  
DATE OF REGISTRATION : July 26, 2012  
REGISTERED OWNERS : 1625183 Alberta Inc.  
TENURE : Fee Simple Estate  
DISTRICT : North Alberta Land Registration District

### **Legal Interests on Title**

On the Certificate of Title, encumbrances, liens, and interests are summarized according to three broad categories; miscellaneous encumbrances, tenant encumbrances, and financial encumbrances.

Miscellaneous encumbrances include such items as zoning regulations, easements, utility rights of way, and restrictive covenants.

The Certificate of Title indicated the following miscellaneous encumbrances.

- A Caveat in favour of Canadian Natural Resources Limited
- A Caveat in favour of Imperial Oil Limited
- A Caveat in favour of the Red Deer Regional Planning Commission
- A Utility Right of Way in favour of Canadian Oil & Gas International Inc.
- 2 Utility Right of Ways in favour of Altalink Management Ltd.
- A Caveat re: Amending Agreement in favour of Altalink Management Ltd.
- A Caveat re: Right of Way Agreement in favour of Canadian Natural Resources Limited
- A Caveat re: Purchaser's Interest in favour of South Red Deer Regional Wastewater Commission
- A Discharge of a portion of one of the Utility Right of Ways in favour of Altalink Management Ltd.

Tenant encumbrances include such items as leases, caveats regarding leases, lease amendments, and non-disturbance agreements.

The Certificate of Title indicated no tenant encumbrances currently registered.

*Factual Data, cont.*

Financial encumbrances include such items as mortgages, assignments of rent and leases, and amending agreements.

The Certificate of Title indicated the following financial encumbrances currently registered.

- A Mortgage in favour of PMP Investments Inc. with an original principal amount of \$1,650,000
- A Mortgage in favour of PHAM Geomatics Solutions Inc. with an original principal amount of \$1,625,000
- A postponement of the mortgage in favour of PMP Investments Inc. to the mortgage in favour of PHAM Geomatics Solutions Inc.

The various encumbrances recorded represent fairly typical registrations which do not appear to restrict the use of the land, or reduce the effective area of the site. Further inquiry, which is outside the scope of this appraisal assignment, may be required.

*The reader is advised that all public and private encumbrances may not be fully recorded on the Title.* Responsibility is not assumed for matters of a legal nature nor is an opinion of the title rendered. It is assumed any encumbrance, recorded or otherwise, does not separately nor collectively affect the marketability of the subject property.

## SECTION V

### ANALYSIS AND CONCLUSIONS

#### 1. HIGHEST AND BEST USE

Highest and Best Use is defined as “The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value”.

In order to estimate the Highest and Best Use of the subject property as though vacant and as presently improved, four primary criteria must be examined. These criteria are:

- i) Physical Possibility – site size, area, configuration, topography, availability of utilities, street improvements, and accessibility.
- ii) Legal Permissibility – public restrictions including utility rights-of-way, zoning guidelines, etc., and private restrictions such as easements.
- iii) Financial Feasibility – marketability in terms of supply/demand characteristics, profitability as it relates to return on cost, market rent levels, etc., and the availability and cost of capital.
- iv) Maximum Profitability – the use that produces the highest residual land value consistent with the rate of return warranted by the market for that use.

Two concepts of Highest and Best Use are considered:

##### **A. HIGHEST AND BEST USE OF LAND AS THOUGH VACANT**

Among all reasonable, alternative uses, the use that yields the highest present land value after payments are made for labour, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

##### **B. HIGHEST AND BEST USE OF PROPERTY AS IMPROVED**

The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

**A. HIGHEST AND BEST USE OF LAND OR SITE AS THOUGH VACANT**

i) PHYSICAL POSSIBILITY

The size, configuration and topography of the subject site appear to be conducive for development. As previously described, access to the site is deemed to be good. There are no apparent physical characteristics that would prevent the orderly development of the site as though vacant. Based on this, a number of physical uses are potentially available to the site.

ii) LEGAL PERMISSIBILITY

Legal restrictions that apply to a site may include public and private restrictions. Leases, covenants, easements, subdivision controls, etc. may affect use of the land. If private restrictions conflict with public restrictions, the most restrictive guidelines usually prevail.

With respect to private restrictions, there are no apparent encumbrances currently registered on title.

Subsequent to the proposed subdivision and rezoning of the subject property, the permissible uses of the subject property will include all the permitted and discretionary uses for the R1 Residential (Low Density) District, R1A Residential (Semi-Detached Dwelling) District, R1G Residential (Small Lot) District, R2 Residential (Medium Density) District, R3 Residential (Multiple Family) District, and the C5 Commercial (Mixed Use) District. Reference is made to the attached land use guidelines in the Addendum.

iii) FINANCIAL FEASIBILITY

The use must be financially feasible producing a positive net financial or economic return to the owner of the site. The subject property's location within the Red Deer city limits along the proposed Northland Drive Expressway and assumed adjacent developments suggest that a subdivision containing residential and commercial lots would likely provide the greatest monetary return to the land as of the effective date of this appraisal, (August 9, 2020) given current and anticipated market demand and rent levels for this product type. There are no apparent financial or economic constraints regarding development of the site into the foreseeable future.

iv) MAXIMUM PROFITABILITY

Of the financially feasible uses, the use that produces the highest residual land value is the highest and best use.

Given the physical attributes of the site, as well as the legally permitted uses and financial feasibility of development, the highest and best use of the site will be a subdivision containing residential and commercial lots.

## **2. THE APPROACHES TO VALUE**

The appraisal process involves estimating a market value for the property in question. The three methods recognized in the Canadian Uniform Standards of Professional Appraisal Practice (The Standards) are the Cost Approach, the Income Approach, and the Direct Comparison Approach. These approaches are defined as follows:

### **COST APPROACH:**

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of or replacement for the existing structure; deducting accrued depreciation from the reproduction or replacement cost, and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the property to reflect the value of the property interest being appraised.

### **INCOME APPROACH:**

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversions) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specific income pattern, return on investment, and change in the value of the investment. Alternately, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

### **DIRECT COMPARISON APPROACH:**

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently or are currently listed for sale, applying appropriate units of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison applied. The direct comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant. It is the most common and preferred method of land valuation when comparable sales data is available.

The preceding approaches are interrelated and each requires the gathering and analysis of sales, cost, and income data that pertain to the property being appraised. In essence, all three approaches are Direct Comparison Approaches since the data inputs are presumably market derived. One or more of the approaches may not be applicable to a specific assignment or may be less reliable due to the nature of the property, the needs of the client, or the data available.

## **APPROACHES UTILIZED**

When valuing land, one must always consider its highest and best use as if vacant. In the case of an improved site, the land must be considered vacant and available for development to its highest and best use. The highest and best use of a particular property is affected by how much the present improvements contribute to the overall value.

The 4 most popular and frequently used methods of valuing vacant land are as follows:

1. Direct Comparison. The Direct Comparison Approach involves gathering data on land sales and analyzing these sales to form a reasonable conclusion as to the estimated Market Value of the subject site.
2. Abstraction. The abstraction method is based on the principles of balance and substitution. They state that there is a typical ratio of land to property value for each category of real estate. This ratio is applied to the sale price of an improved property to estimate the value of the site.
3. Extraction. This method involves subtracting the estimated value of the improvements in an improved sale from the total sale price to indicate a vacant land value.
4. Development Approach. This method is also known as the Subdivision Approach. It is most often used in the case of an undeveloped acreage property when a potential urban development represents the highest and best use of the subject property. In order to complete this approach, the appraiser requires a subdivision plan and all servicing costs for the property.

As previously mentioned, it is the writer's the Highest and Best Use of the subject property as of the effective date of the appraisal will be a subdivision containing serviced residential and commercial lots. The Development Approach is the most reliable indicator when valuing land that will be developed in the short term, and is the method that was used in this appraisal.



### **3. THE DEVELOPMENT APPROACH TO VALUE**

The Development Approach is a valuation method whereby the sites in a subdivided and serviced state are compared with similar sites that have sold or are offered for sale. The estimated development costs are deducted from the estimated total value of the sites in a completed state in order to give an estimate of the potential net profit of the property.

As the sites will be sold over a period of time, this net profit is discounted at an appropriate rate to reflect the present value of the property which takes into account the estimated marketing time of the individual sites.

The Direct Comparison Approach to land value is the most accepted and preferred method of valuing vacant lots in a subdivided and serviced state. This approach is a valuation method whereby the land being appraised is compared with similar lots that have recently been sold or are offered for sale. The assumption is, of course, that if the subject sites had been exposed for sale in the open market, they would have been in competition with comparable properties and dealing with the same type of purchaser under the same market conditions. Since no two properties are completely alike, adjustments must be made to compensate for differences between the comparable properties and the subject property.

The substance of the Direct Comparison Approach is to search out the recently sold or offered competitive sites and, through an adjustment process, develop an indication of what they would have sold for if they had possessed the physical and economic characteristics of the site being appraised. After analyzing each comparable, adjustments are made for significant and pertinent characteristics which are recognized and reflected in the market.

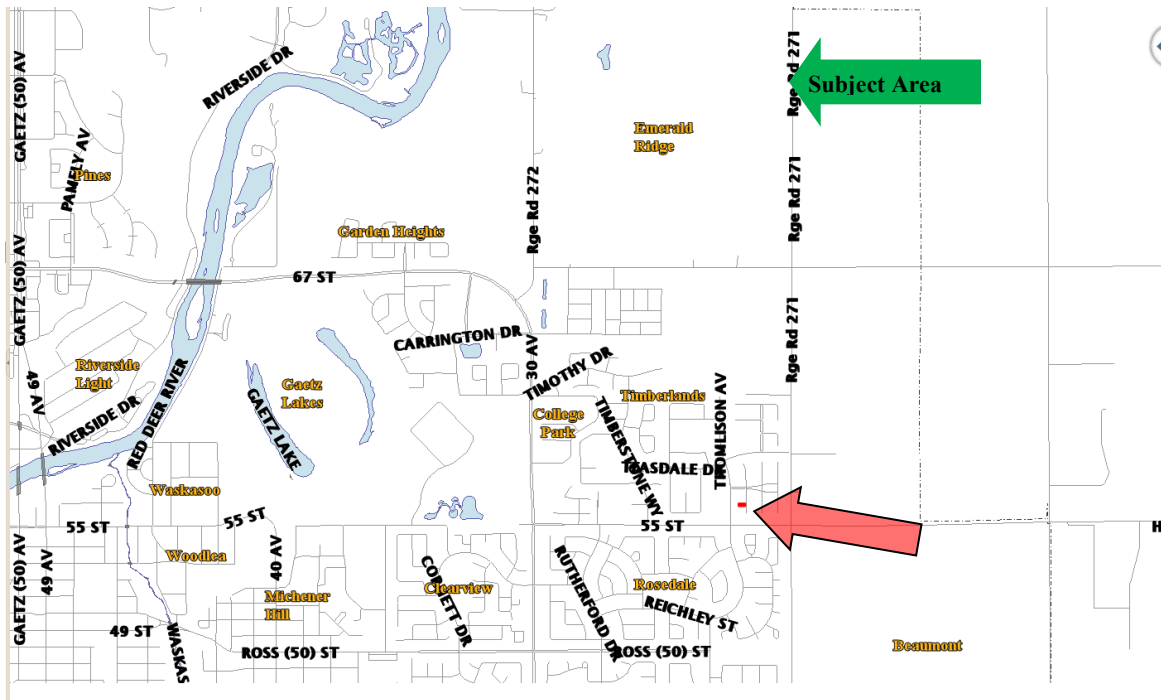
In utilizing the Direct Comparison Approach to Value, the commercial and residential land markets in City of Red Deer were researched for recent land sales. Each sale was verified by a Land Titles search.

The comparable properties are analyzed on a unit of comparison basis. The units of comparison are the price per square foot for the residential lots with a land use of R1, R1A, R1G, and R2, the price per unit for the multi-family residential lots, and the price per acre for the commercial land.

Given a good degree of similarity between the subject and the comparable properties, this method can be a good value indicator.

## COMPARABLE R1 RESIDENTIAL LOT SALES

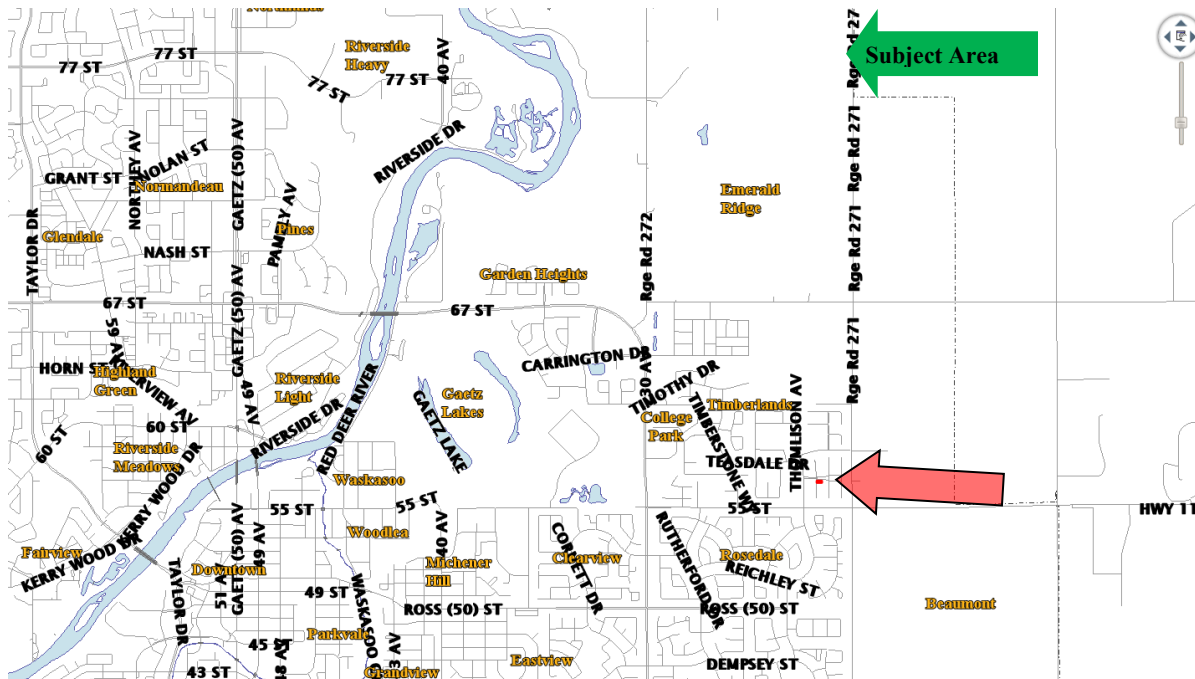
### Index #1



SALE DATA		PHYSICAL DATA	
<b>Location:</b>	32 Tory Close, Timberlands	<b>LAND</b>	
<b>Legal Description:</b>	Lot 33 Block 10 Plan 152 1882	<b>Zoning:</b>	R1 Residential
<b>Vendor:</b>	City of Red Deer	<b>Area:</b>	5,321 square feet
<b>Purchaser:</b>	Not disclosed		
<b>Date of Registration:</b>	April 5, 2016	<b>BUILDING</b>	
<b>Registration Number:</b>	162 091 459	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	\$169,800		

ANALYTICAL DATA	
<b>Indication</b>	\$31.91 per square foot
<b>COMMENTS</b>	
Located in the Timberlands residential subdivision, approximately 1.5 kilometers south of the subject property.	

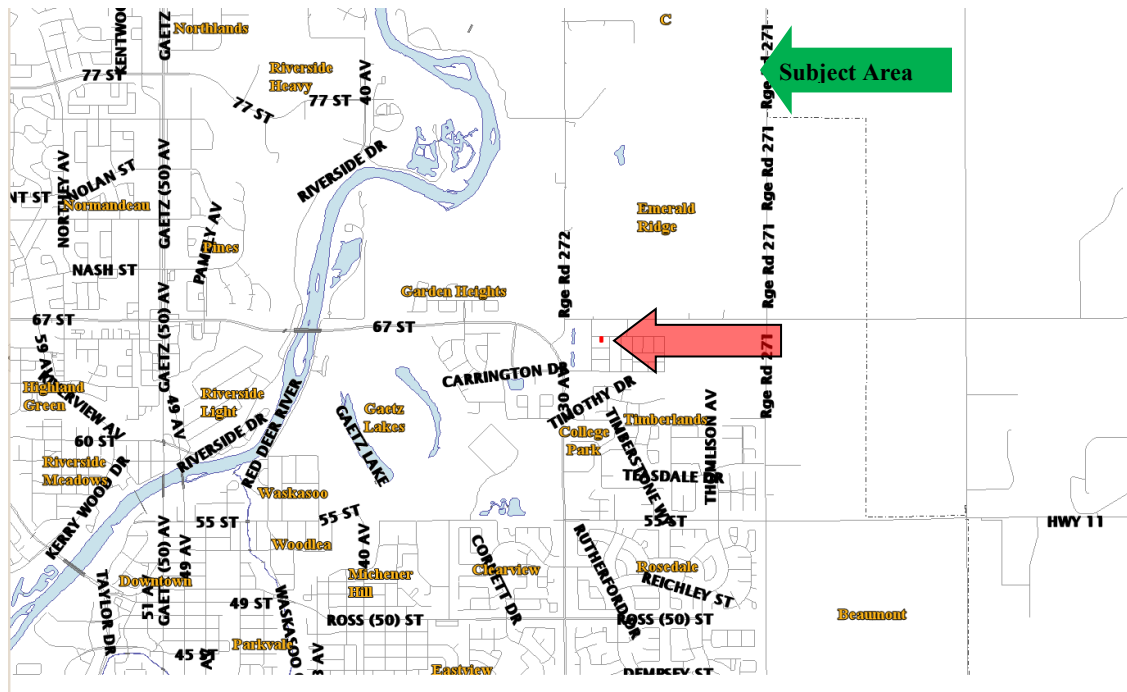
**Index #2**



SALE DATA		PHYSICAL DATA	
<b>Location:</b>	7 Tory Close, Timberlands	<b>LAND</b>	
<b>Legal Description:</b>	Lot 50 Block 10 Plan 152 1882	<b>Zoning:</b>	R1 Residential
<b>Vendor:</b>	City of Red Deer	<b>Area:</b>	5,325 square feet
<b>Purchaser:</b>	Not disclosed		
<b>Date of Registration:</b>	April 5, 2016	<b>BUILDING</b>	
<b>Registration Number:</b>	162 091 460	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	\$159,800		

ANALYTICAL DATA	
<b>Indication</b>	\$30.01 per square foot
COMMENTS	
Similar location to Index No. 1.	

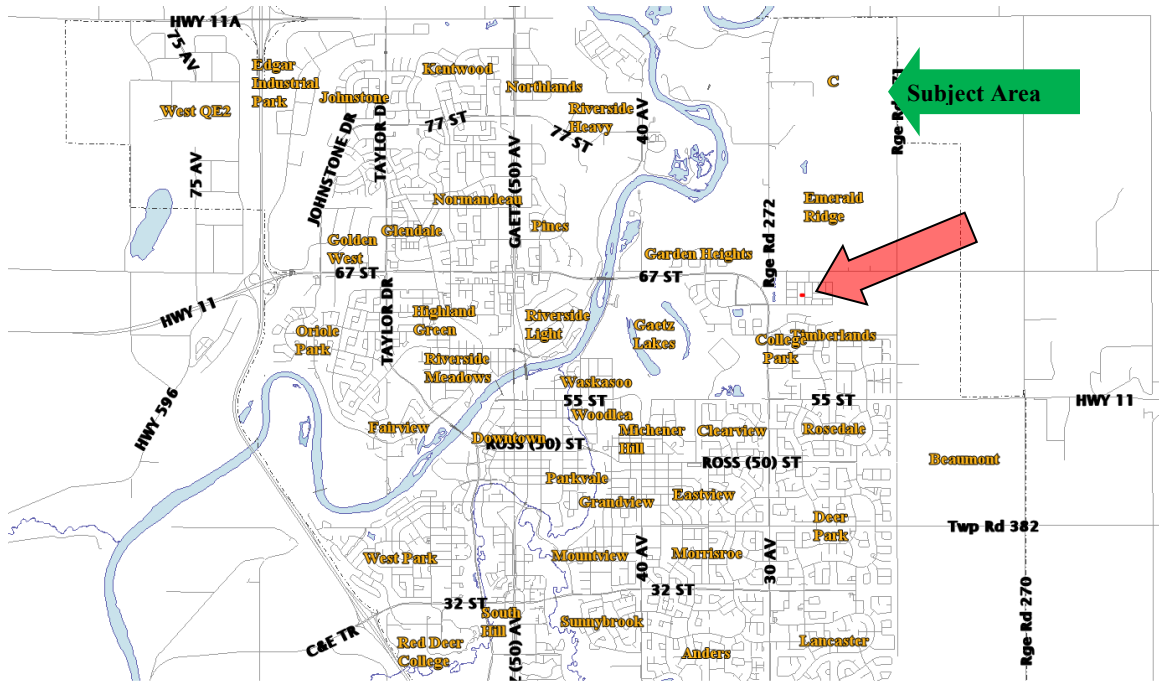
**Index #3**



SALE DATA		PHYSICAL DATA	
<b>Location:</b>	471 Townsend Street, Timberlands	<b>LAND</b>	
<b>Legal Description:</b>	Lot 6 Block 1 Plan 152 2440	<b>Zoning:</b>	R1C Residential
<b>Vendor:</b>	City of Red Deer	<b>Area:</b>	4,319 square feet
<b>Purchaser:</b>	Not disclosed		
<b>Date of Registration:</b>	July 8, 2016	<b>BUILDING</b>	
<b>Registration Number:</b>	162 182 669	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	\$162,800		

ANALYTICAL DATA	
<b>Indication</b>	\$37.69 per square foot
<b>COMMENTS</b>	
Similar location to Index No. 1.	

**Index #4**



SALE DATA		PHYSICAL DATA	
<b>Location:</b>	26 Tagish Avenue, Timberlands	<b>LAND</b>	
<b>Legal Description:</b>	Lot 15 Block 4 Plan 152 2440	<b>Zoning:</b>	R1C Residential
<b>Vendor:</b>	City of Red Deer	<b>Area:</b>	5,083 square feet
<b>Purchaser:</b>	Not disclosed		
<b>Date of Registration:</b>	July 20, 2016	<b>BUILDING</b>	
<b>Registration Number:</b>	162 195 529	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	<b>\$191,900</b>		

ANALYTICAL DATA	
<b>Indication</b>	<b>\$37.75 per square foot</b>
COMMENTS	
Similar location to Index No. 1.	

The comparables utilized have been summarized in the table below.

<b>COMPARABLE SUMMARY CHART</b>						
<b>Index No.</b>	<b>Address</b>	<b>Registration Date</b>	<b>Sale Price</b>	<b>Site Size (Sq. Ft.)</b>	<b>Land Use</b>	<b>Price/Sq. Ft.</b>
1.	32 Tory Close	April 5, 2016	\$169,800	5,321	R1	31.91
2.	7 Tory Close	April 5, 2016	\$159,800	5,325	R1	30.01
3.	471 Townsend Street	July 8, 2016	\$162,800	4,319	R1C	37.69
4.	26 Tagish Avenue	July 20, 2016	\$191,900	5,083	R1C	37.75
<b>STATISTICS (Based on Price/Sq. Ft.)</b>						
<b>Low:</b>		April 5, 2016	\$159,800	5,325	R1	30.01
<b>High:</b>		July 20, 2016	\$191,900	5,083	R1C	37.75
<b>Average: (Rounded)</b>			\$171,075	5,012	-	34.34

### **Land Value Conclusion**

As summarized in the above chart, *before adjustments*, the comparable properties indicate a range in values from \$30.01 per square foot to \$37.75 per square foot, with an average indication of \$34.34 per square foot. The various adjustments considered in the analysis are outlined as follows.

#### *Property Rights Appraised*

- In each case the property rights appraised are those of the fee simple interest, wherein no adjustments were required.

#### *Parcel Size*

- As can be noted from the Comparable Summary Chart, the sale price per square foot of residential lots tends to decrease as the size of the parcel increases. The subject sites will range in area from 3,617 square feet to 4,995 square feet. The comparable sales utilized in this report vary from 4,319 square feet to 5,325 square feet. Based on this, relative upward adjustments have been applied, as required, to the sales data.

#### *Financing*

- Each of the comparable sales was acquired on an “all cash” basis or with market-based financing. No adjustment was considered appropriate.

#### *Location*

- The comparable sales are located in the Timberlands residential subdivision. As previously mentioned, Timberlands comprises a development on the east side of 30<sup>th</sup> Avenue, approximately 1.50 kilometers south of the subject property. As this appraisal is based on the Extraordinary Assumption that the subject lands are adjacent to existing fully serviced residential subdivisions and close to all required amenities including schools and shopping, the subject’s location is considered to be directly competitive with all of the comparable indices. No adjustments were considered necessary for location.

*The Development Approach to Value, cont.*

*Market Conditions (Date of Sale)*

- The various sales occurred over a period of time from April, 2016 to July, 2016. Property values have remained stable over this period and to the effective date of the appraisal. However, this appraisal is based on the fact the subject area will be fully developed with residential subdivisions that will also contain some commercial land. The estimated time frame is 4 years from the date of the appraisal. A survey of lots suitable for single family dwellings and duplexes indicated land prices have increased over the past 4 years and are expected to continue to do so. Therefore, positive adjustments were applied for date of sale.

*Land Use*

- The comparable indices have land use designations of R1 Residential and R1C Residential. The subject sites will have land uses of R1 Residential, R1A Residential, R1G Residential, and R2 Residential. Positive and negative adjustments were applied, where required, for land use.

*Summary*

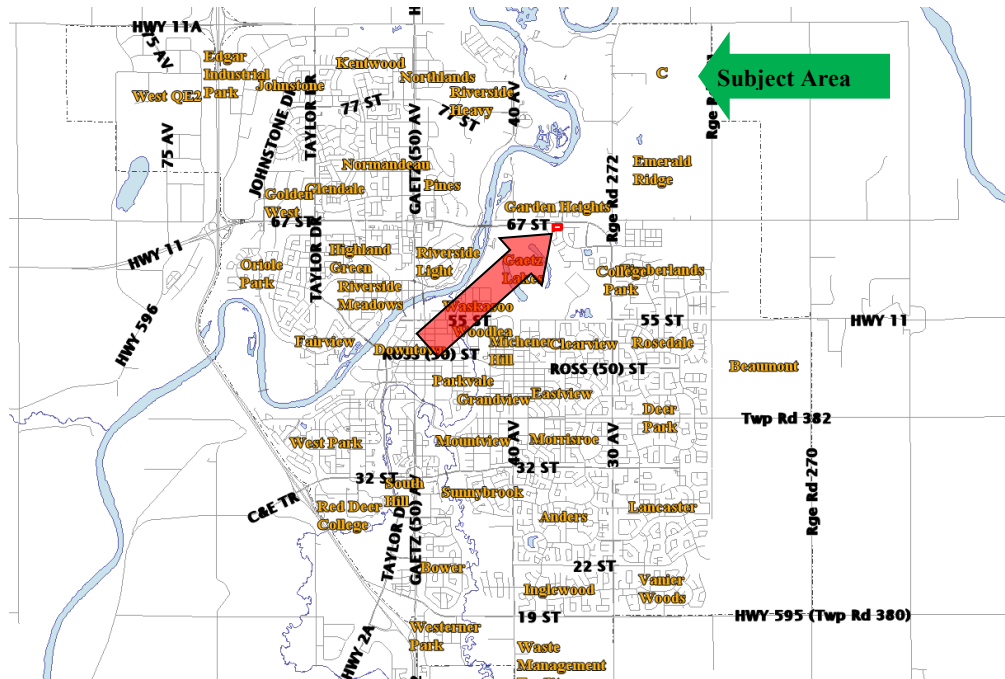
After considering the subject relative to the comparable sales and the adjustments applied, it is our opinion that the subject lots will have market values in the order of \$40.00 per square foot to \$45.00 per square foot.

**ESTIMATED MARKET VALUE OF SUBJECT SITES**

R1 Residential	- 1,094,124 square feet @ \$40.00 per square foot -	\$43,764,960
R1A Residential	- 120,125 square feet @ \$45.00 per square foot -	\$ 5,405,625
R1G Residential	- 112,127 square feet @ \$45.00 per square foot -	\$ 5,045,715
R2 Residential	- 174,860 square feet @ \$45.00 per square foot -	\$ 7,868,700
<b>TOTAL</b>		<b>\$62,085,000</b>

## COMPARABLE MULTIPLE FAMILY RESIDENTIAL LAND SALES

### Index #6

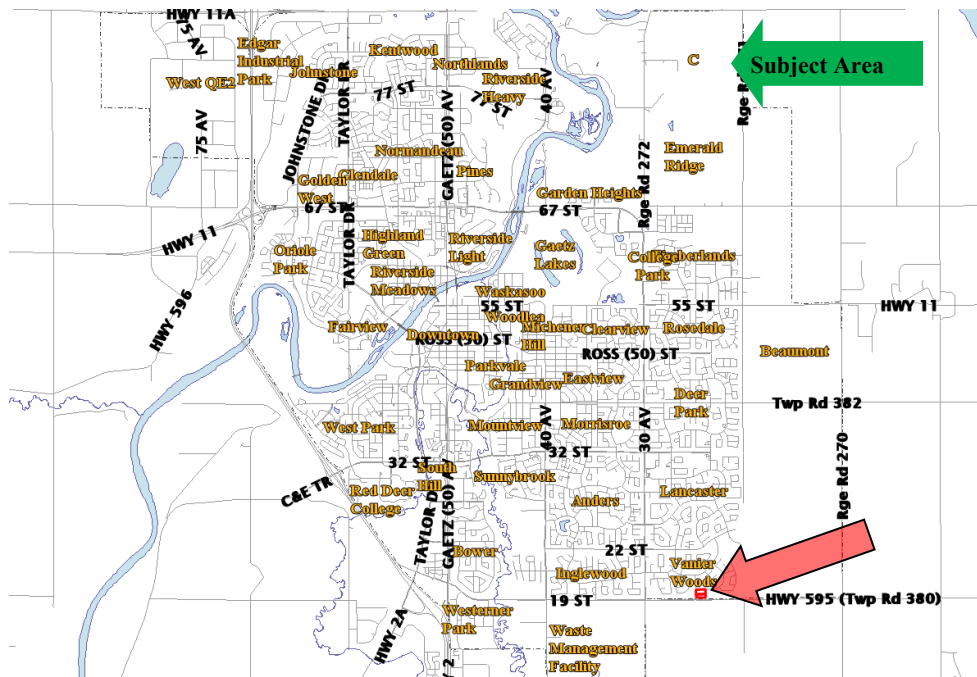


SALE DATA		PHYSICAL DATA	
<b>Location:</b>	125 Caribou Crescent, Clearview Ridge	<b>LAND</b>	
<b>Legal Description:</b>	Lot 4 Block 1 Plan 132 3759	<b>Zoning:</b>	R3 Residential
<b>Vendor:</b>	Genstar Titleco Limited	<b>Area:</b>	2.87 Acres
<b>Purchaser:</b>	Carolina Homes Inc.		
<b>Date of Registration:</b>	September 30, 2013	<b>BUILDING</b>	
<b>Registration Number:</b>	132 311 806	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	<b>\$1,648,747</b>		

ANALYTICAL DATA	
<b>Indication</b>	\$574,476 per acre
<b>Indication</b>	\$23,895 per unit
COMMENTS	
Fully serviced R3 Residential lot in the Clearview Ridge residential subdivision. A 2 storey townhouse project containing 69 units was constructed on this site. The units have since been registered as condominiums.	



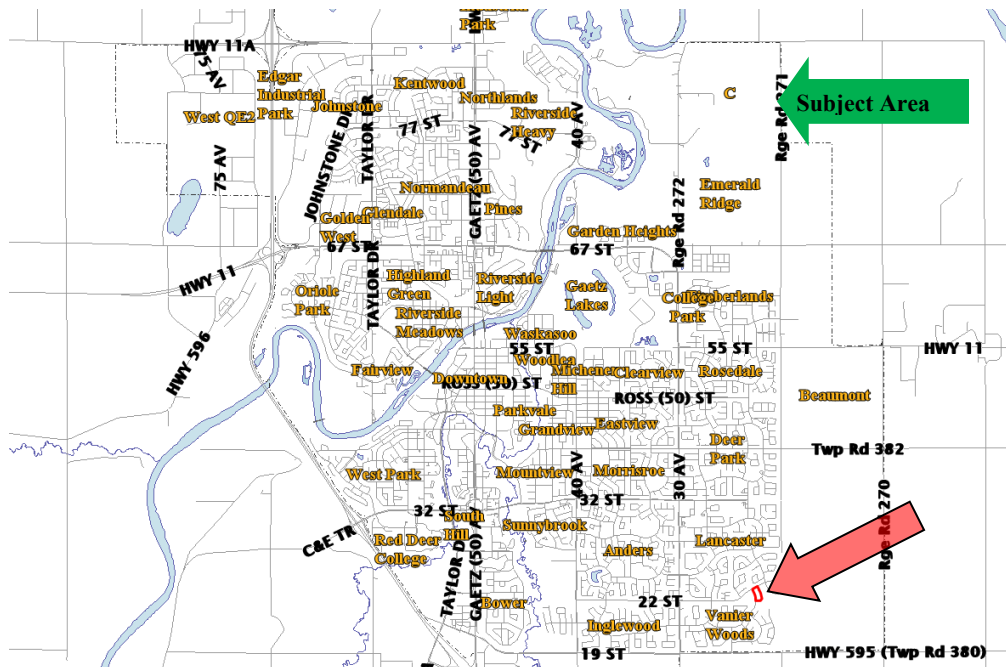
**Index #7**



SALE DATA		PHYSICAL DATA	
<b>Location:</b>	39 Van Slyke Way Vanier Woods	<b>LAND</b>	
<b>Legal Description:</b>	Lot 158 Block 4 Plan 132 5302	<b>Zoning:</b>	R3 Residential
<b>Vendor:</b>	Melcor Developments Ltd.	<b>Area:</b>	4.87 Acres
<b>Purchaser:</b>	Highstreet Vanier Woods Apartments Ltd.		
<b>Date of Registration:</b>	April 8, 2014	<b>BUILDING</b>	
<b>Registration Number:</b>	142 102 533	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	<b>\$3,790,800</b>		

ANALYTICAL DATA	
<b>Indication</b>	<b>\$778,398 per acre</b>
<b>Indication</b>	<b>\$16,340 per unit</b>
COMMENTS	
Fully serviced R3 Residential lot in the Vanier Woods residential subdivision. A multiple family residential project containing a total of 232 units was constructed on this site.	

**Index #8**



SALE DATA		PHYSICAL DATA	
<b>Location:</b>	339 Viscount Drive	<b>LAND</b>	
<b>Legal Description:</b>	Lot 156 Block 5 Plan 122 5007	<b>Zoning:</b>	R3 Residential
<b>Vendor:</b>	Melcor Developments Ltd.	<b>Area:</b>	1.49 Acres
<b>Purchaser:</b>	True-Line Contracting Ltd.		
<b>Date of Registration:</b>	December 12, 2014	<b>BUILDING</b>	
<b>Registration Number:</b>	142 423 354	<b>Type:</b>	Not applicable
<b>Interest Sold:</b>	Fee Simple Estate		
<b>Consideration:</b>	<b>\$807,300</b>		

ANALYTICAL DATA	
<b>Indication</b>	\$541,812 per acre
<b>Indication</b>	\$10,091 per unit
COMMENTS	
Fully serviced R3 Residential lot in the Vanier Woods residential subdivision. An 80 unit multiple family residential project was constructed on this site.	



The comparables utilized have been summarized in the table below.

**COMPARABLE SUMMARY CHART**

	<i>Subject</i>	<i>Index #6</i>	<i>Index #7</i>	<i>Index #8</i>	<i>Index #9</i>
Area	3.31 acres each	2.87 acres	4.87 acres	1.49 acres	3.19 acres
Price	-	\$1,648,747	\$3,790,800	\$807,300	\$2,736,000
Units/Suites	+/- 85 per lot	69	232	80	109
Registration Date	-	Sept./2013	Apr./2014	Dec./2014	Aug./2015
Price/Unit	-	\$23,895	\$16,340	\$10,091	\$25,101
Property Rights	Fee Simple	Similar	Similar	Similar	Similar
Financing	At Market	Similar	Similar	Similar	Similar
Date of Sale	-	Inferior	Inferior	Inferior	Inferior
Sale Conditions	-	Similar	Similar	Similar	Similar
Location	-	Similar	Similar	Similar	Similar
Parcel Size	-	Similar	Similar	Similar	Similar
Topography	Level	Similar	Similar	Similar	Similar
Land Use	R3 Residential	Similar	Similar	Similar	Similar
Improvements	Nil	Similar	Similar	Similar	Similar
Comparability	-	Inferior	Inferior	Inferior	Inferior

<b>STATISTICS (Based on Price/Unit)</b>	<b>Date</b>	<b>Price</b>	<b>Units</b>	<b>Price/Unit</b>
<b>High:</b>	Aug./15	\$2,736,000	109	\$25,101
<b>Low:</b>	Dec./14	\$807,300	80	\$10,091
<b>Average (Rounded):</b>	-	\$2,245,712	123	\$18,857

**Land Value Conclusion**

As summarized in the above chart, *before adjustments*, the comparables indicate a range in values from \$10,091 per unit to \$25,101 per unit, with an average indication of \$18,857 per unit. The various adjustments considered in the analysis are outlined as follows.

*Property Rights Appraised*

- In each case the property rights appraised are those of the fee simple interest, wherein no adjustments were required.

*Financing*

- Each of the comparable sales was acquired on an “all cash” basis or with market-based financing. No adjustment was considered appropriate.

*Location*

- As previously mentioned, the subject property is located in the northeastern quadrant of the City of Red Deer in an area that was recently annexed into the city. As this appraisal is based on the Extraordinary Assumption that the subject lands are adjacent to existing fully serviced residential subdivisions and close to all required amenities including schools and shopping, the subject's location is considered to be directly competitive with all of the comparable indices. *No adjustments were considered necessary for location.*

*Market Conditions (Date of Sale)*

- The various sales occurred over a period of time from September, 2013 to August, 2015. Property values have remained stable over this period and to the effective date of the appraisal. However, this appraisal is based on the fact the surrounding area will be fully developed with residential subdivisions that will also contain some commercial land. The estimated time frame is 4 years after the date of the appraisal. A survey of similar type properties indicated land prices have increased over the past 4 years and are expected to continue to do so. Therefore, positive adjustments were applied to all of the comparable indices for market conditions.

*Land Use*

- The subject sites and all of the comparable indices have/will have a land use designation of R3 Residential. No adjustments were required for land use.

***Summary***

As previously mentioned, the foregoing sales range from \$10,091 per unit to \$25,101 per unit, with an average indication of \$18,857 per unit. More weight was given to Index No. 9 as it is the most recent sale.

Based on the City of Red Deer land use bylaw and an analysis of recent multiple family dwellings in the city, it is the writer's opinion that the estimated density of each R3 Residential lot is 85 units. Therefore, the total number of units applicable to the 3 subject lots is 255.

After considering the subject relative to the comparables and the adjustments applied, it is our opinion that the subject property will have a market value in the order of \$33,000 per unit.

For the purpose of this appraisal, we have utilized this rate as follows:

$$255 \text{ units @ } \$33,000 = \mathbf{\$8,415,000}$$

A reasonable exposure time for the subject property at the value concluded would have been approximately **six (6) to twelve (12) months**. This assumes an active and professional marketing plan would have been employed by the current owner.

**COMPARABLE COMMERCIAL LAND SALES**

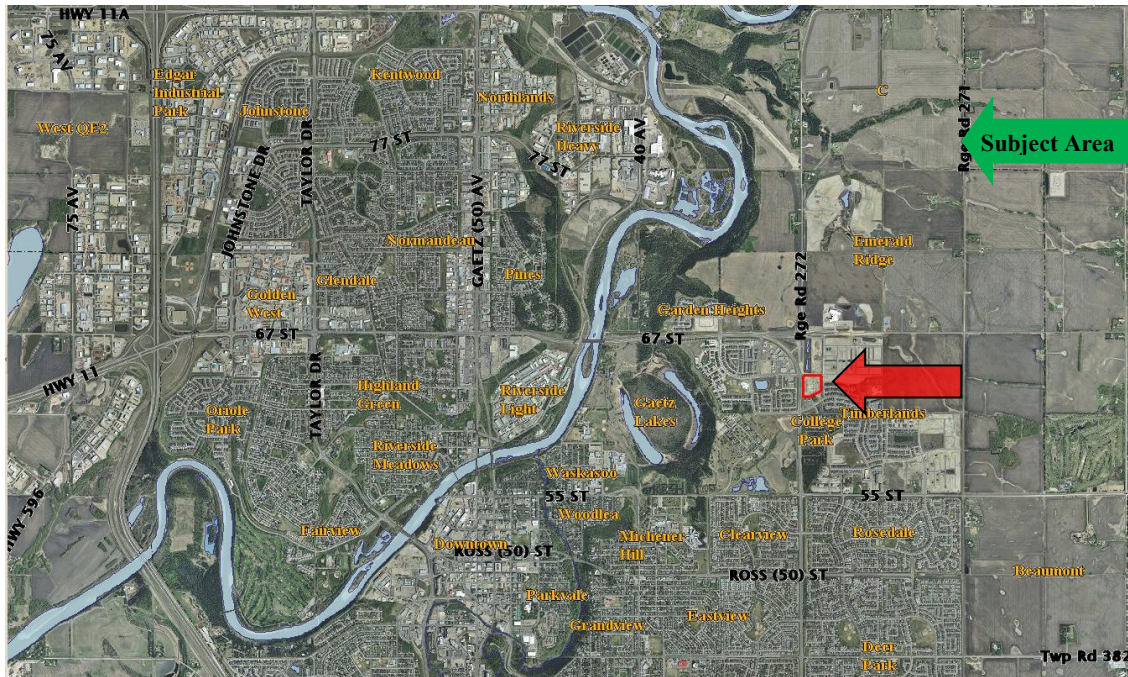
**INDEX NO. 10**



SALE DATA		PHYSICAL DATA	
<b>Project Name:</b>	Vacant Commercial Land	<b>Zoning:</b>	C5 Commercial
<b>Address:</b>	500 Timberlands Drive, Timberlands	<b>Area:</b>	4.27 acres
<b>Legal Description:</b>	Lot 4 Block 14 Plan 152 2440	<b>Purchaser:</b>	Developments 2 Timberlands Inc.
<b>Vendor:</b>	City of Red Deer	<b>Registration Number:</b>	152 381 853
<b>Registration Date:</b>	December 7, 2015	<b>Interest Sold:</b>	Fee Simple Estate
<b>Consideration:</b>	\$2,982,920		

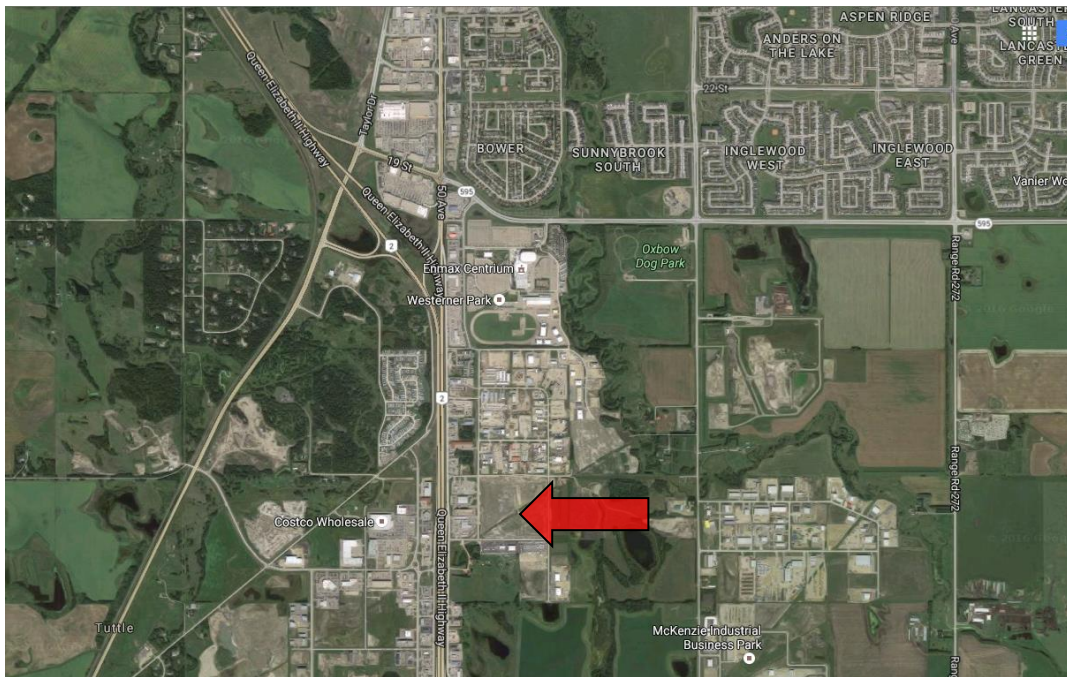
ANALYTICAL DATA	
<b>Indication</b>	\$698,576 per acre
<b>COMMENTS</b>	
Sale of a fully serviced C5 Commercial lot in the Timberlands subdivision. Property has visual exposure to 30 <sup>th</sup> Avenue.	

**INDEX NO. 11**



SALE DATA		PHYSICAL DATA	
<b>Project Name:</b>	Vacant land	<b>LAND</b>	
<b>Address:</b>	499 Timberlands Drive, Timberlands		
<b>Legal Description:</b>	Lot 4 Block 4 Plan 092 0662	<b>Zoning:</b>	C5 Commercial
<b>Vendor:</b>	City of Red Deer		
<b>Purchaser:</b>	Developments 2 Timberlands Inc.	<b>Area:</b>	8.55 acres
<b>Interest Sold:</b>	Fee Simple Estate	<b>Registration Date:</b>	February 24, 2016
<b>Consideration:</b>	\$5,865,125	<b>Registration Number:</b>	162 058 197
ANALYTICAL DATA			
<b>Indication</b>	\$685,980 per acre		
COMMENTS			
Sale of a fully serviced C5 Commercial lot in the Timberlands subdivision. Similar location to Index No. 10.			

**INDEX NO. 12**



SALE DATA		PHYSICAL DATA	
<b>Project Name:</b>	Vacant land	<b>Zoning:</b>	C2 Commercial
<b>Address:</b>	Gasoline Alley, Red Deer County	<b>Area:</b>	3.40 acres
<b>Legal Description:</b>	Lot 21 Block 5 Plan 162 1240	<b>Purchaser:</b>	Zainul & Shazma Holdings (1997) Ltd.
<b>Vendor:</b>	Gasoline Alley Holdings Ltd.	<b>Registration Number:</b>	162 150 727
<b>Registration Date:</b>	June 8, 2016	<b>Interest Sold:</b>	Fee Simple Estate
<b>Consideration:</b>	\$2,040,000		

ANALYTICAL DATA	
<b>Indication</b>	\$600,000 per acre
<b>COMMENTS</b>	
Sale of 3.40 acres of C2 Commercial land on the east side of Petrolia Drive in the Gasoline Alley commercial area south of the City of Red Deer and east of Queen Elizabeth Highway 2. Located directly east of the Holiday Inn. Serviced with power, natural gas, and cable television.	



**INDEX NO. 13**



SALE DATA		PHYSICAL DATA	
<b>Project Name:</b>	Vacant Land	<b>Zoning:</b>	C2 General Commercial
<b>Address:</b>	Waskasoo Avenue, Red Deer County	<b>Area:</b>	4.27 acres
<b>Legal Description:</b>	Lot 17 Block 2 Plan 142 4982	<b>Registration Number:</b>	162 165 189
<b>Vendor:</b>	392268 Alberta Ltd.	<b>Purchaser:</b>	Gasoline Alley Investments Ltd.
<b>Registration Date:</b>	June 22, 2016	<b>Interest Sold:</b>	Fee Simple Estate
<b>Consideration:</b>	\$3,757,600		

ANALYTICAL DATA	
<b>Indication</b>	\$880,000 per acre
<b>COMMENTS</b>	
Sale of a vacant C2 Commercial lot in the Gasoline Alley Business Park, south of the City of Red Deer. Fully serviced. Property has visual exposure to Q. E. Highway 2. Surrounding properties include Costco Wholesale, Turple Brothers, and Staples Business Depot.	

The comparables utilized have been summarized in the table below.

**COMPARABLE SUMMARY CHART**

	<i>Subject</i>	<i>Index #10</i>	<i>Index #11</i>	<i>Index #12</i>	<i>Index #13</i>
Area	11.14 acres	4.27 acres	8.55 acres	3.40 acres	4.27 acres
Price	-	\$2,982,920	\$5,865,125	\$2,040,000	\$3,757,600
Registration Date	-	Dec./2015	Feb./2016	June/2016	June/2016
Price/Acre	-	\$698,576	\$685,980	\$600,000	\$880,000
Property Rights	Fee Simple	Similar	Similar	Similar	Similar
Financing	At Market	Similar	Similar	Similar	Similar
Date of Sale	-	Inferior	Inferior	Inferior	Inferior
Sale Conditions	-	Similar	Similar	Similar	Similar
Location	-	Similar	Similar	Inferior	Superior
Parcel Size	-	Superior	Similar	Superior	Superior
Topography	Level	Similar	Similar	Similar	Similar
Land Use	C5 Commercial	Similar	Similar	Similar	Similar
Improvements	Nil	Similar	Similar	Similar	Similar
Comparability	-	Inferior	Inferior	Inferior	Superior

<b>STATISTICS (Based on Price/Acre)</b>	<b>Date</b>	<b>Price</b>	<b>Area</b>	<b>Price/Acre</b>
<b>High:</b>	June/16	\$3,757,600	4.27 acres	\$880,000
<b>Low:</b>	June./16	\$2,040,000	3.40 acres	\$600,000
<b>Average (Rounded):</b>	-	\$3,661,411	5.12 acres	\$716,139

**Land Value Conclusion**

As summarized in the above chart, *before adjustments*, the comparables indicate a range of value from \$600,000 per acre to \$880,000 per acre. The range reflects differences primarily in location and land area, but other factors play a role. The various adjustments considered in the analysis are outlined as follows.

*Property Rights Appraised*

- In each case the property rights appraised are those of the fee simple interest, wherein no adjustments were required.

*Financing*

- Each of the comparable sales was acquired on an “all cash” basis or with market-based financing. No adjustments were considered appropriate.

*The Development Approach to Value, cont.*

*Market Conditions (Date of Sale)*

- The various sales occurred over a period of time from December, 2015 to June, 2016. Our analysis indicated land prices have remained fairly stable over this period and to the effective date of the appraisal. However, this appraisal is based on the fact the surrounding area will be fully developed with residential subdivisions that will also contain some commercial land. The estimated time frame is 4 years after the date of the appraisal. A survey of similar type properties indicated land prices have increased over the past 4 years and are expected to continue to do so. Therefore, positive adjustments were applied for date of sale.

*Sale Conditions*

- To the best of our knowledge, each sale was an open market transaction between a willing seller and a willing buyer, wherein no adjustments were required.

*Location*

- As previously mentioned, the subject property is located in the northeastern quadrant of the City of Red Deer in an area that was recently annexed into the city. As this appraisal is based on the Extraordinary Assumption that the subject lands are adjacent to existing fully serviced residential subdivisions and close to all required amenities including schools and shopping. The subject's location is considered to be directly competitive with Indices No. 10 and No. 11 wherein, no adjustments were considered necessary. Index No. 12 is located in Red Deer County and is considered to be inferior to the subject. A positive adjustment was applied. Index No. 13 is also located in Red Deer County however, as previously mentioned it is located near Costco Wholesale and has visual exposure to Q. E. Highway 2. It is considered to be superior to the subject property. A negative adjustment was applied.

*Parcel Size*

- Due to the Principle of Increasing and Decreasing Returns, smaller parcels of land typically sell for more on a price per unit basis. The subject property contains 11.14 acres and is considered to be directly competitive to Index No. 11. No adjustment was considered necessary. The remaining indices are considerably smaller than the subject ranging in size from 3.40 acres to 4.27 acres. Relative negative adjustments were applied to the remaining indices for parcel size.

*Topography*

- The subject property is fairly level and compares favourably with all of the comparable indices. No adjustments were necessary.

*Land Use Classification*

- The Concept Plan for the subject property indicates the proposed land use for the subject property is C5 Commercial (Mixed Use) District. The comparable indices are considered to be directly competitive to the subject property. No adjustments for were considered necessary for land use classification.

*The Development Approach to Value, cont.*

*Improvements*

- The subject property and all of the comparable indices have no improvements of significant value. No adjustments were required for improvements.

**Summary**

After considering the subject relative to the comparables and the adjustments applied, it is our opinion that the subject property will have a market value in the order of \$800,000 per acre.

For the purpose of this appraisal, we have utilized this rate as follows:

$$11.14 \text{ acres @ } \$800,000 = \mathbf{\$8,912,000}$$

A reasonable exposure time for the subject property at the value concluded would have been approximately **six (6) to twelve (12) months**. This assumes an active and professional marketing plan would have been employed by the current owner.

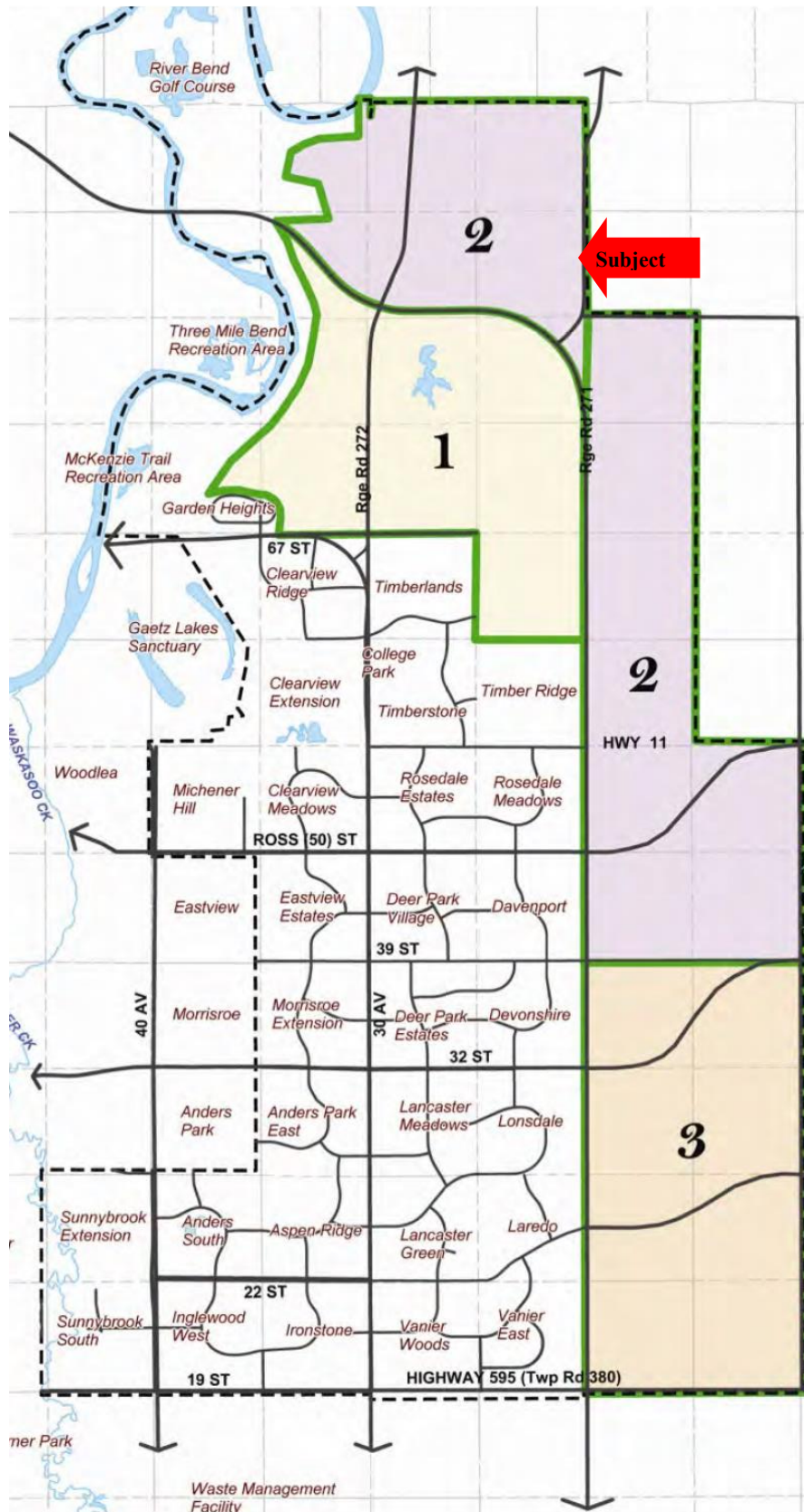
Based on the foregoing analyses, we have concluded a market value estimate of **\$800,000 per acre** of site area. This equates to a value estimate of **Eight Million Nine Hundred Twelve Thousand (\$8,912,000.00) Dollars** by the Direct Comparison Approach.

**GROSS SALES POTENTIAL**

Based on the foregoing analysis, the Gross Sales Potential of the subject property is as follows:

R1 Residential	-	1,094,124 square feet @ \$40.00 per square foot	-	\$43,764,960
R1A Residential	-	120,125 square feet @ \$45.00 per square foot	-	\$ 5,405,625
R1G Residential	-	112,127 square feet @ \$45.00 per square foot	-	\$ 5,045,715
R2 Residential	-	174,860 square feet @ \$45.00 per square foot	-	\$ 7,868,700
R3 Residential	-	255 units @ \$33,000 per unit	-	\$ 8,415,000
Highway Commercial	-	11.14 acres @ \$800,000	-	<u>\$ 8,912,000</u>
<b>TOTAL GROSS SALES POTENTIAL</b>				<b>\$79,412,000</b>

## POTENTIAL DEVELOPMENT SEQUENCING – EAST HILL



## **DEVELOPMENT TIME FRAME AND ABSORPTION ANALYSIS**

As well as estimating the marketing period of the subject lots, an absorption analysis also takes into consideration the development time frame of the project to allow for the time required to obtain the appropriate planning approvals and the construction and development of the individual lots.

The absorption period begins when all development is completed and is a future estimate. A subdivision with a 6 month construction period for service installations and road construction will start absorption at the beginning of the seventh month. Lot values and market absorption are estimated at that date and are projected into the future. The absorption estimate may reflect any presale contracts.

The proposed development represents a residential/commercial subdivision in a recently annexed area of the City of Red Deer. The Potential Development Sequencing map for the subject area was obtained from the East Hill Major Area Structure Plan and is situated on the preceding page. As can be noted from the Potential Development Sequencing map, the Subject Property is situated in Phase 2 of the development sequencing.

Based on the recent history of the number of building permits for single family and multiple family dwellings in the City of Red Deer, it is the writer's opinion it will be approximately 4 years before there will be sufficient demand for lots in the subject area and before it is economically feasible to service the Subject Property with city services.

This appraisal is based on the assumption that all the necessary approvals and development will occur in the first year of development. Taking the foregoing into consideration, it is the writer's opinion that a 2 year time frame for absorption would be applicable to the subject development.

## **DEVELOPER'S OVERHEAD AND PROFIT**

Land development is typically profit driven. It is the industry norm that profit and overhead are calculated based on a percentage of the gross revenue that can be anticipated from the development scheme.

Discussions with the development industry indicated that, on a general basis, typical margins for overhead and profit ranged from 15% to 30% of gross sales. Generally, as the risk that is inherent in the development increases, the profit margin required also increases.

Due to the reasonably high demand for serviced lots in Central Alberta in the recent past, the risk associated with the subject property is considered to be relatively low. All factors considered, an allowance of 15% for developer's overhead and profit was considered reasonable for the subject development.

## **DEVELOPMENT EXPENSES**

Development expenses can be categorized into indirect development expenses and direct development expenses.

Indirect development expenses are often referred to as “soft costs” and include items such as marketing fees, interim taxes, professional fees (i.e. legal, accounting, real estate commissions, etc.), as well as interim financing. Cash in lieu of municipal reserve requirements can also be included if applicable. Real estate commissions were estimated at 5% of gross sales.

Direct development expenses relate to the “hard costs” involved in developing the subdivision. They include variables such as earthwork, service installations, road construction, engineering and planning fees, contingencies, etc.

The development expenses utilized in this report were based on information received from the client. This information was cross checked with information in the working files of Bill Haldane Appraisals Ltd. for similar type developments in Central Alberta.

### **INDIRECT DEVELOPMENT EXPENSES (SOFT COSTS)**

Real Estate Commission – \$79,412,000 @ 5% =	\$3,970,600
Legal Fees (estimated at \$700 per lot)	<u>\$224,000</u>
Total Soft Costs	\$4,194,600

### **DIRECT DEVELOPMENT EXPENSES (HARD COSTS)**

Direct development expenses relate to the “hard costs” involved in developing the subdivision. They include variables such as earthwork, service installations, road construction, engineering and planning fees, etc.

As previously mentioned, the development expenses utilized in this report were based on information received from the client and in the working files of Bill Haldane Appraisals Ltd. of similar type developments in Central Alberta. Based on this information, and considering development will not occur for approximately 4 years, an estimate of \$68,000 per lot for direct development expenses was considered reasonable and was utilized in this appraisal.

**Estimated Direct Development Expenses (320 lots @ \$68,000) = \$21,760,000**

### **DISCOUNT RATE**

In order to arrive at a present value calculation for the project cash flows, a discount rate must be selected. An appropriate discount rate should reflect a number of variables. The 2 key factors relate to the developer’s cost of money as well as an allowance for risk. Interest rates and the cost of financing are presently relatively low. However, the land development business tends to present a high degree of risk. Discount rates ranging from 11% to 13% are considered to be realistic in today’s economy. All factors considered, it is the writer’s opinion a discount rate of 12% would be applicable to the subject development.

It is assumed that an equal dollar amount of lots will be sold over the 24 month marketing period.

## SUMMARY OF THE DEVELOPMENT APPROACH

**Estimated Gross Sales Potential - \$79,412,000**

### Soft Costs and Developer's Profit

Real Estate Commission – \$79,412,000 @ 5% =	\$3,970,600
Legal Fees (estimated at \$700 per lot)	<u>\$224,000</u>
Total Soft Costs	\$4,194,600

Developer's Profit - \$79,412,000 @ 15% \$11,911,800

**Total Soft Costs and Developer's Profit \$16,106,400**

**Development Expenses (Hard Costs) \$21,760,000**

**Net Profit \$41,545,600**

As previously mentioned, it is assumed that an equal dollar amount of lots will be sold each month during the 24 month marketing period.

As this document is a prospective appraisal, the marketing period is estimated to be from August, 2020 to August, 2022.

Therefore, the estimated value of the subject property is equal to the present value of receiving \$1,731,067 per month for 24 months, deferred 4 years. The interest rate utilized in this report is 12%.

Present Value of Net Profit - \$1,731,067 x 13.366714 = \$23,138,678

**Rounded to - \$23,140,000**

<b>TWENTY THREE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS \$23,140,000 -AS PROPOSED</b>
--



## **5. RECONCILIATION & FINAL ESTIMATE OF VALUE**

The approach utilized indicated the following value estimate for the subject property:

<b>Gross Sales Potential Estimate:</b>	<b>\$79,412,000</b>
<b>Development Approach to Value Estimate:</b>	<b>\$23,140,000</b>
<b>Final Value Estimate:</b>	<b>\$23,140,000</b>

As previously mentioned, the Development Approach is considered to be most applicable method of valuing a proposed subdivision. In completing this approach, sales and active listing of residential lots from the City of Red Deer and commercial lots from the City of Red Deer and the County of Red Deer were researched. The development costs for the proposed subdivision were estimated based on information received from the client and cross checked with similar recent developments in the working files of Bill Haldane Appraisals Ltd. that were valued by the writer.

All factors considered, and based on an inspection of the property and the investigation and analyses undertaken herein, we have formed the opinion that the market value of the Fee Simple Interest of the subject property as of **August 9, 2020** is forecasted to be:

**TWENTY THREE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS  
\$23,140,000 -AS PROPOSED**

The Gross Sales Potential of the subject property as of **August 9, 2020** is forecasted to be:

**SEVENTY NINE MILLION FOUR HUNDRED TWELVE THOUSAND DOLLARS  
\$79,412,000 -AS PROPOSED**

A reasonable exposure time for the subject property at the value concluded would have been approximately **six (6) to twelve (12) months**. This assumes an active and professional marketing plan would have been employed by the current owner.

## 4. CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analysis, opinions and conclusions are limited only by the reported assumptions and contingent and limiting conditions contained herein, and are my personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. My analysis, opinions and conclusions were developed this prospective report has been prepared in conformity with, and the use of this report is subject to the requirements of the Canadian Uniform Standards of Professional Appraisal Practice (the Standards) of the Appraisal Institute of Canada
6. I have made a personal inspection of the property that is the subject of this report on **August 9, 2016**.
7. No other individual or firm provided significant professional assistance in writing this report.
8. No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change. The report, unless signed with an original signature, is deemed to be invalid.
9. The designated appraiser signing this report has fulfilled the Mandatory Recertification Program for designated members of the Appraisal Institute of Canada.
10. The Real Estate Council of Alberta administers the Real Estate Act of Alberta. As at the date of this report, the designated member is licensed in the Province of Alberta to complete fee for service real estate appraisals and consulting reports.

*Certification, cont.*

Based on an inspection of the property and the investigation and analyses undertaken herein, we have formed the opinion that the market value of the Fee Simple Interest of the subject property within a Fee Simple Estate as of **August 9, 2020** is forecasted to be:

**TWENTY THREE MILLION ONE HUNDRED FORTY THOUSAND DOLLARS  
\$23,140,000 -AS PROPOSED**

The Gross Sales Potential of the subject property as of **August 9, 2020** is forecasted to be:

**SEVENTY NINE MILLION FOUR HUNDRED TWELVE THOUSAND DOLLARS  
\$79,412,000 -AS PROPOSED**

A reasonable exposure time for the subject property at the value concluded would have been approximately **six (6) to twelve (12) months**. This assumes an active and professional marketing plan would have been employed by the current owner.

	<b>APPRAISER:</b>	
	<b>Signature:</b>	
	<b>Name:</b>	<b>W. W. (Bill) Haldane</b>
	<b>Inspected Property:</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
	<b>Date of Inspection:</b>	<b>August 9, 2016</b>
	<b>Date Signed:</b>	<b>September 7, 2016</b>
	<b>Designation:</b>	<b>AACI, P.App.</b>

**Schedule 1 - Photographs**



**Views of Subject Property**

**Schedule 1 - Photographs**



**Views of Subject Property**

## **Schedule 1 - Photographs**



**Views of Subject Property**

**Schedule 1 - Photographs**



**View of Subject Property**

## **Schedule 1 - Photographs**



**Street Scenes**





# ADDENDUM

## Schedule 2 - Certificate of Title

ENCUMBRANCES, LIENS & INTERESTS			PAGE 2
REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS	# 122 242 049
		CALGARY ALBERTA T2P3L8 "DATA UPDATED BY TRANSFER OF CAVEAT REG. 832223235" (DATA UPDATED BY: TRANSFER OF CAVEAT 922044597) (DATA UPDATED BY: TRANSFER OF CAVEAT 942080011) (DATA UPDATED BY: TRANSFER OF CAVEAT 992332449)	
3251KU	14/08/1957	CAVEAT CAVEATOR - IMPERIAL OIL LIMITED.	
752 171 237	26/11/1975	CAVEAT CAVEATOR - RED DEER REGIONAL PLANNING COMMISSION.	
832 005 669	11/01/1983	UTILITY RIGHT OF WAY GRANTEE - CANADIAN OIL & GAS INTERNATIONAL INC. SUITE 500, 340-12 AVENUE SW CALGARY ALBERTA T2R1L5 AS TO PORTION OR PLAN:8122898 "TAKES PRIORITY DATE OF CAVEAT 812004954 DATED 9-JAN-81" (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 942296984) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 112228874) (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 142143011)	
832 119 457	20/05/1983	UTILITY RIGHT OF WAY GRANTEE - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7 AS TO PORTION OR PLAN:8320928 (DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 022255964) (DATA UPDATED BY: CHANGE OF ADDRESS 092060496)	
892 301 422	20/11/1989	CAVEAT RE : AMENDING AGREEMENT CAVEATOR - ALTALINK MANAGEMENT LTD. 2611 - 3 AVE SE CALGARY ALBERTA T2A7W7 (DATA UPDATED BY: TRANSFER OF CAVEAT 022178262)  ( CONTINUED )	

# ADDENDUM

## Schedule 2 - Certificate of Title

-----		
ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION		PAGE 3
NUMBER	DATE (D/M/Y)	# 122 242 049
-----		
(DATA UPDATED BY: CHANGE OF ADDRESS 092059895)		
932 345 432	05/11/1993	CAVEAT RE : RIGHT OF WAY AGREEMENT CAVEATOR - CANADIAN NATURAL RESOURCES LIMITED. ATTEN: LAND DEPARTMENT 2000, 425-1 STREET SW CALGARY ALBERTA T2P3L8 (DATA UPDATED BY: TRANSFER OF CAVEAT 992332450)
112 401 691	13/12/2011	CAVEAT RE : PURCHASERS INTEREST CAVEATOR - SOUTH RED DEER REGIONAL WASTEWATER COMMISSION. 4512 - 46 STREET OLDS ALBERTA T4H1R5 AGENT - ELIZABETH HAMILTON
122 240 314	25/07/2012	MORTGAGE MORTGAGEE - PMP INVESTMENTS INC. 173 HAMPTONS SQUARE NW CALGARY ALBERTA T3A5C3 ORIGINAL PRINCIPAL AMOUNT: \$1,650,000
152 283 417	11/09/2015	UTILITY RIGHT OF WAY GRANTEE - ALTALINK MANAGEMENT LTD.
162 106 817	20/04/2016	DISCHARGE OF UTILITY RIGHT OF WAY 152283417 PARTIAL EXCEPT PLAN/PORTION: 1620093
162 213 443	08/08/2016	MORTGAGE MORTGAGEE - PHAM GEOMATICS SOLUTIONS INC. 5135-48 ST NW CALGARY ALBERTA T3A0T2 ORIGINAL PRINCIPAL AMOUNT: \$1,625,000
162 213 444	08/08/2016	POSTPONEMENT OF MORT 122240314 TO MORT 162213443
TOTAL INSTRUMENTS: 013		

( CONTINUED )

## ADDENDUM

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### Schedule 3 - Certificate of Title

PAGE 4  
# 122 242 049

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 8 DAY OF AUGUST,  
2016 AT 03:11 P.M.

ORDER NUMBER: 31206650

CUSTOMER FILE NUMBER:



\*END OF CERTIFICATE\*

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THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED  
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,  
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,  
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS  
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### 7.1 A1 Future Urban Development District

#### General Purpose



The General Purpose of this District is to allow agricultural and related uses until such time as the land is required for urban development.

#### 1. A1 Permitted and Discretionary Uses Table

<b>(a) Permitted Uses</b>	
(i)	Growing of crops and produce, market gardens or other agricultural operations which may include stands for the sale of produce grown or produced on the site but shall not include feedlots, abattoirs, or the packing or processing of meat or poultry products.
(ii)	Greenhouse or landscape nursery - stock farms including ancillary sales.
(iii)	Home occupations - office only subject to section 4.7(8).
(iv)	Identification and local advertising on the following types of signs subject to sections 3.3 and 3.4:
	(1) awning signs, and
	(2) canopy signs.
<b>(b) Discretionary Uses</b>	
(i)	Bed & breakfast, subject to section 4.7(11).
(ii)	Extraction from the ground of petroleum, minerals, sand and gravel, peat moss and topsoil.
(iii)	Home occupations subject to section 4.7(8).
(iv)	Identification and local advertising on free standing signs subject to sections 3.3 and 3.4.
(v)	Residential uses: one detached dwelling or one manufactured home.
(vi)	Utilities and sanitary landfill.
(vii)	<sup>1</sup> Accessory building, subject to section 3.5

#### 2. A1 Future Urban Development District Regulations

##### (a) Table 7.1 A1 Regulations

Regulations	Requirements
Floor Area Minimum	Detached dwellings 75.0 m <sup>2</sup>
Building Height Maximum	10 m measured from the average of the lot grade
Front Yard Minimum	15.0 m
Side Yard Minimum	7.5 m
Rear Yard Minimum	7.5 m
Landscaped Area	Subject to Commission approval

<sup>1</sup> 3357/X-2014

## **Schedule 3 - Land Use Bylaw Excerpts**

City of Red Deer Land Use Bylaw 3357/2006

<b>Regulations</b>	<b>Requirements</b>
Parking Spaces	Subject to sections 3.1 & 3.2
Site Area Minimum	1.2 ha
Frontage Minimum	Subject to Commission approval

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### 4.1 R1 Residential (Low Density) District

**R1**

#### General Purpose

The general purpose of this District is to provide land which will be used for low density residential development.

#### 1. R1 Permitted and Discretionary Uses Table

(a) Permitted Uses	
(i)	Accessory building subject to sections 3.5 and 4.7(3).
(ii)	Detached dwelling unit.
(iii)	Home music instructor/instruction (two students), subject to section 4.7(10).
(iv)	Home occupations which, in the opinion of the Development Officer, will not generate traffic subject to section 4.7(8).
(v)	Neighbourhood identification signs subject to section 3.4.
(vi)	<sup>1</sup> Secondary Suite, subject to section 4.7(9).
(b) <sup>2</sup> Discretionary Uses	
(i)	Amateur radio tower.
(ii)	<sup>3</sup> Assisted Living Facility in a Detached Dwelling Unit. <sup>4</sup> Assisted Living Facility, Day Care Facility, Day Care Adult, Temporary Care Facility, or Place of Worship or Assembly on sites which are so designated in an Area Structure Plan or Area Redevelopment Plan.
(iii)	Bed & Breakfast in a Detached Dwelling Unit or Semi-detached Dwelling Unit, subject to subject to section 4.7 (11).
(iv)	“Existing Special Residential” (approved prior to December 7, 1998): churches, kindergartens, schools, day care facilities. For greater certainty, where approval for any Special Residential Use has been given prior to enactment of this Land Use Bylaw amendment, any other Special Residential Use shall be also deemed to be a Discretionary Use for that site.
(v)	Residential Use shall be also deemed to be a Discretionary Use for that site.
(vi)	Garden Suite subject to section 4.7(13).
(vii)	Home occupations which will generate additional traffic subject to section 4.7(8).
(viii)	Home Music Instructor/Instruction (six students), subject to section 4.7(10).
(ix)	Municipal Services limited to Police, Emergency Services and/or Utilities.
(x)	<sup>5</sup> Show Home or Raffle Home.
(xi)	<sup>6</sup> Secondary Suite, subject to section 4.7(9).

<sup>1</sup> 3357/Z-2009

<sup>2</sup> 3357/A-2012

<sup>3</sup> 3357/C-2007

<sup>4</sup> 3357/C-2007

<sup>5</sup> 3357/T-2015

<sup>6</sup> 3357/Z-2009

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

- (xii) Signs, subject to section 3.4 and 3.4:  
 (1) Freestanding sign for uses listed in 4.1(1) (b): (iii) (iv) (v) (ix) and (x).

### 2. R1 Residential (Low Density) District Regulations

#### (a) Table 4.1 R1 Regulations

Regulations	Requirements
Floor Area Minimum	Frontage in m x 6.0 m but not less than 72.0 m <sup>2</sup>
<sup>1</sup> Site Coverage Maximum	40% (includes garage and accessory buildings)
Building Height Maximum	2 storeys with a maximum of 10.0 m measured from the average of the lot grade
<sup>2</sup> Front Yard Set Back	6.0 m except for the R1 zoned lands located within the Timberlands North Neighbourhood Area Structure Plan area (south of 67 Street and east of 30 Avenue) where the front yard setback is: <ul style="list-style-type: none"> <li>• Minimum 3.0 m and a maximum of 4.5m for the live portion of a dwelling unit, and</li> <li>• Minimum 6.0 m for any front attached garage portion of a dwelling unit.</li> </ul>
Side Yard Minimum	Detached dwelling: minimum 1.5 m Notwithstanding the setbacks noted above, where the building flanks a public roadway, the setback on the flanking side shall be in accordance with Part 3, Figure 2.
Rear Yard Minimum	7.5 m
Lot Depth Minimum	30.0 m
Landscaped Area	35% of site area
Parking Spaces	Subject to sections 3.1 & 3.2
Lot Area Minimum	Detached dwelling 360.0 m <sup>2</sup>
Frontage Minimum	Detached dwelling 12.0 m

(b) R1 district is subject to any applicable residential regulations listed within section 4.7.

(c) <sup>3</sup>Notwithstanding anything in this Bylaw, the development of more than one residential dwelling on lands zoned R-1, whether by bare land condominium or otherwise, shall be subject to site plan approval by the Development Authority.

<sup>1</sup> 3357/I-2013

<sup>2</sup> 3357/L-2013, 3357/D-2015

<sup>3</sup> 3357/H-2008



## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### 4.2 R1A Residential (Semi-Detached Dwelling) District

**R1A**

#### General Purpose

The general purpose of this District is to provide land which will be used for low density residential development including semi-detached dwelling units.

#### 1. R1A Permitted and Discretionary Uses Table

(a) Permitted Uses	
(i)	Accessory building subject to sections 3.5 and 4.7(3).
(ii)	Detached dwelling unit.
(iii)	Home music instructor/instruction (two students), subject to section 4.7(10).
(iv)	Home occupations which, in the opinion of the Development Officer, will not generate traffic subject to section 4.7(8).
(v)	Neighbourhood identification signs subject to section 3.4.
(vi)	<sup>1</sup> Semi-detached dwelling unit, except in the West Park Overlay district where such use shall be discretionary, subject to sub-section (3).
(vii)	<sup>2</sup> Secondary Suite in a detached Dwelling Unit, subject to section 4.7(9).
(b) Discretionary Uses	
(i)	Amateur radio tower.
(ii)	Bed & Breakfast in a detached or semi-detached dwelling, subject to section 4.7(11).
(iii)	<sup>3</sup> Assisted Living Facility, Day Care Facility, Day Care Adult, Temporary Care Facility, or Place of Worship or Assembly on sites which are so designated in an Area Structure Plan or Area Redevelopment Plan.
(iv)	<sup>4</sup> “Existing Special Residential” (approved prior to December 7, 1998): churches, kindergartens, schools, day care facilities. For greater certainty, where approval for any Special Residential Use has been given prior to enactment of this Land Use Bylaw amendment, any other Special Residential Use shall be also deemed to be a Discretionary Use for that site.
(v)	Home music instructor/instruction (six students), subject to section 4.7(10).
(vi)	Home occupations which will generate additional traffic subject to section 4.7(8).
(vii)	Municipal services limited to Police, Emergency Services and/or Utilities.
(viii)	<sup>5</sup> Show Home or Raffle Home.
(ix)	<sup>6</sup> Secondary Suite in a detached Dwelling Unit, subject to section 4.7(9).

<sup>1</sup> 3357/FF-2008

<sup>2</sup> 3357/Z-2009

<sup>3</sup> 3357/C-2007

<sup>4</sup> 3357/C-2007

<sup>5</sup> 3357/T-2015

<sup>6</sup> 3357/Z-2009

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

- (x) <sup>1</sup>Secondary Suite in existence in a semi-detached Dwelling Unit on January 1, 2009, subject to section 4.7(9).

### 2. R1A Residential (Semi-Detached Dwelling) Regulations

- (a) Where each half of a semi-detached dwelling unit is to be contained in a separate parcel or title no side yard shall be required on the side of the dwelling unit which abuts the adjacent dwelling unit.
- (b) Notwithstanding subsection (c), the front yard requirement for one dwelling unit of a semi-detached building may be increased up to 3.5 metres by the Development Authority provided that the front yard of the adjoining dwelling unit meets the minimum requirements of this section.

#### (c) Table 4.2 R1A Regulations

Regulations	Requirements
Floor Area Minimum	Detached dwelling: Frontage in m x 6 m but not less than 72.0 m <sup>2</sup>  Semi-detached dwelling: 72.0 m <sup>2</sup> for each unit
<sup>2</sup> Site Coverage Maximum	40% (includes garage and accessory buildings)
Building Height Maximum	2 storeys with a maximum of 10.0 m measured from the average of the lot grade
Front Yard Minimum	6.0 m
Side Yard Minimum	Detached dwelling: 1.5 m  Semi-detached dwelling unit (without side entry): 1.5 m Semi-detached dwelling unit (with side entry): 2.4 m Special residential: 3.0 m  Notwithstanding the setbacks noted above, where the building flanks a public roadway, the setback on the flanking side shall be in accordance with Part 3, Figure 2.
Rear Yard Minimum	7.5 m
Lot Depth Minimum	30.0 m
Landscaped Area	35% of site area
Parking Spaces	Subject to sections 3.1 & 3.2
Lot Area Minimum	Detached dwelling 360.0 m <sup>2</sup>  Semi-detached dwelling unit: 232.0 m <sup>2</sup> per dwelling unit

<sup>1</sup> 3357/Z-2009

<sup>2</sup> 3357/I-2013

## **Schedule 3 - Land Use Bylaw Excerpts**

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City of Red Deer Land Use Bylaw 3357/2006

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<b>Regulations</b>	<b>Requirements</b>
Frontage Minimum	Detached dwelling 12.0 m
	Semi-detached dwelling unit 7.6 m per unit

(d) R1A District is subject to any applicable residential regulations listed within section 4.7.

### **3. <sup>1</sup>R1A Residential (Semi-Detached Dwelling) West Park Overlay District**

(a) The West Park Overlay district shall be the area identified on Figure 19.

(b) In the West Park Overlay District, the discretionary use of a semi-detached dwelling unit may be approved by the Municipal Planning Commission.

(c) An application for a semi-detached dwelling unit shall be referred to all landowners on sites within a 100 metre radius of the site of the proposed development, for comments on the proposal prior to its presentation to the Municipal Planning Commission.

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<sup>1</sup> 3357/FF-2008

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### 4.3.1 <sup>1</sup>R1G Residential (Small Lot) District

**R1G**

#### General Purpose

The general purpose of this District is to provide land which will be used for small lot detached housing with mandatory front attached garages to create increased opportunity for more efficient utilization of land in small and comprehensively planned residential development clusters.

#### 1. R1G Permitted and Discretionary Uses Table

(a) Permitted Uses	
(i)	Accessory Building subject to sections 3.5 and 4.7(3).
(ii)	Detached Dwelling Unit.
(iii)	Home Music Instructor/Instruction (two students), subject to section 4.7(10).
(iv)	Home Occupations which, in the opinion of the Development Officer, will not generate traffic, subject to section 4.7 (8).
(v)	Neighbourhood Identification Signs, subject to section 3.4.
(b) Discretionary Uses	
(i)	Amateur radio tower.
(ii)	Bed & Breakfast, subject to section 4.7(11).
(iii)	Home Music Instructor/Instruction (six students), subject to section 4.7(10).
(iv)	Municipal services limited to Police, Emergency Services and/or Utilities.
<sup>2</sup> (v)	Show Home or Raffle Home.
<sup>3</sup> (vi)	Home occupations which will generate additional traffic subject to section 4.7(8)

#### 2. R1G Residential (Small Lot) Regulations

- (a) All Detached Dwelling Units shall include a front double attached garage.
- (b) Where a Detached Dwelling Units is located on a corner site, the side which abuts a street shall have an architectural treatment similar to the front elevation.
- (c) <sup>4</sup>Side windows of above grade storeys of Detached Dwelling Units shall be arranged to minimize the incidence of windows facing each other. Obscured glass shall be used in any bathroom which faces a window in an adjoining residence.

<sup>1</sup> 3357/J-2011

<sup>2</sup> 3357/T-2015

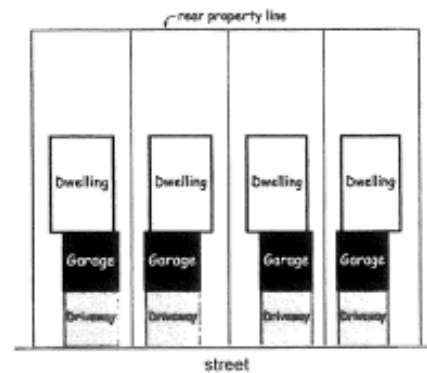
<sup>3</sup> 3357/F-2014 (Revised Alternative)

<sup>4</sup> 3357/A-2012

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

- (d) No storage of any combustible materials is allowed in any side yard.
- (e) Front drive attached garage and driveway locations shall be grouped together in pairs in the manner shown in sketch to the right.
- (f) Driveways shall not exceed 6.1 m in width at the front property line.



Grouping of Garages & Driveways

- (g) Table 4.3(1) R1G Regulations:

Regulations	Requirements
Floor Area Minimum	Frontage in m x 6.0 m but not less than 63 m <sup>2</sup> (excludes garage)
Site Coverage Maximum	45% (includes dwelling unit, garage and accessory buildings)
Building Height Maximum	2 storeys with a maximum height of 10.0 m measured from the average of the lot grade
Front Yard Minimum Setback	Detached dwelling: 6.0 m
Side Yard Minimum Setback	Detached dwelling: 1.25 m, except where building abuts public roadway (excluding lane or walkway) where the side yard on the side abutting the roadway shall be 2.4 m
Rear Yard Minimum Setback	Detached dwelling: 7.5 m
Lot Depth Minimum	<sup>1</sup> 32.0 m
Lot Area Minimum	<sup>2</sup> 336 m <sup>2</sup>
Lot Frontage/width Minimum	10.5 m (on all pie shaped lots the minimum lot width shall be measured 9.0 m into the site alongside lot lines from the front property line)
Parking Spaces	Subject to sections 3.1 & 3.2
Landscaped Area	Minimum 35% of lot area
Landscaped Front Yard	Minimum 25% of front yard

<sup>1</sup> 3357/F-2014 (Revised Alternative)

<sup>2</sup> 3357/F-2014 (Revised Alternative)

## **Schedule 3 - Land Use Bylaw Excerpts**

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City of Red Deer Land Use Bylaw 3357/2006

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### **3. R1G Design & Development Criteria**

- (a) R1G Dwelling Units with identical floor plans or similar front elevations shall be separated by a minimum of one lot unless the Development Authority deems that the building design, character, finishing material and architectural treatments (windows, entrances, building projections, roof lines) are substantially different.
- (b) All bi-level and 2 storey style R1G Dwelling Units shall contain developed floor space over a minimum of 40% of the front attached garage floor area.
- (c) For all bungalow style R1G Dwelling Units, the setback distance of the front face of the living portion of the home from the front face of the attached garage shall not exceed 5m.
- (d) Where R1G units are located on a cul-du-sac:
  - (i) the maximum cul-du-sac length shall be 45 m (measured to centre of bulb from entrance); or
  - (ii) if cul-du-sac is longer than 45 m, only the end 45 m of the cul-du-sac (measured back from the centre of bulb) shall be developed for R1G housing units.

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### 4.4 R2 Residential (Medium Density) District

**R2**

#### General Purpose

The general purpose of this District is to provide a medium density residential area with a mixture of housing types and residential accommodation and at the same time control, regulate and encourage the development or redevelopment of residential uses that are compatible with the neighbourhood, the immediate site and the growth policies of the Municipal Development Plan.

#### 1. R2 Permitted and Discretionary Uses Table <sup>1</sup>

(a) Permitted Uses	
(i)	Accessory building subject to sections 3.5 and 4.7(3)
(ii)	Detached dwelling unit
(iii)	Home music Instructor/Instruction (two students), subject to section 4.7(10)
(iv)	Home Occupations which, in the opinion of the Development Officer, will not generate traffic subject to section 4.7(8)
(v)	Neighbourhood identification signs subject to section 3.4
(vi)	Secondary suite legally in existence before April 5, 2004
(i)	<sup>2</sup> Secondary suite in a detached Dwelling Unit, subject to subsections 4.7(9)

(b) Discretionary Uses	
(i)	Accessory residential structure subject to section 4.7(3)
(ii)	Amateur radio tower.
(iii)	<sup>3</sup> Assisted living facility, Day Care Facility, Day Care Adult Facility, Temporary Care Facility or Place of Worship or Assembly on sites within an Area Structure Plan or Area Redevelopment Plan which designates where such uses will be situated: only on site which are designated for the use within the applicable plan.
(iv)	Bed & Breakfast in a detached or semi-detached dwelling, subject to section 4.7(11).
(v)	<sup>4</sup> Assisted Living Facility, Day Care Facility, Day Care Adult, Temporary Care Facility, or Place of Worship or Assembly on sites with no approved Area Structure Plan or Area Redevelopment Plan or on sites with no designated location in an Area Structure Plan or Area Redevelopment Plan.
(vi)	“Existing Special Residential” (approved prior to December 7, 1998): churches, kindergartens, schools, day care facilities. For greater certainty, where approval for any Special Residential Use has been given prior to enactment of this Land Use Bylaw amendment, any other Special Residential

<sup>1</sup> 3357/C-2007

<sup>2</sup> 3357/Z-2009

<sup>3</sup> 3357/X-2014

<sup>4</sup> 3357/X-2014

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

	Use shall be also deemed to be a Discretionary Use for that site.
(vii)	Garden suite subject to section 4.7(13).
(viii)	Home music instructor/instruction (six students), subject to section 4.7(10).
(ix)	Home occupations which will generate additional traffic subject to section 4.7(8).
(x)	Multi-attached dwelling unit building.
(xi)	<sup>1</sup> Multiple family building up to three storeys
(xii)	Municipal services limited to police, emergency services and/or utilities.
(xiii)	Public and quasi-public buildings.
(xiv)	Semi-detached dwelling unit.
(xv)	<sup>2</sup> Secondary Suite in a detached Dwelling Unit, subject to section 4.7(9).
(xvi)	<sup>3</sup> Show Home or Raffle Home.

### 2. R2 Residential (Medium Density) Regulations

- (b) Where each half of a semi-detached dwelling unit is to be contained in a separate site no side yard shall be required on the site of the dwelling unit which abuts the adjacent dwelling unit.
- (c) Where the dwelling units of a row house building are to be contained in separate sites, no side yards shall be required on either side in the case of an internal dwelling unit and no side yard shall be required on one side of the end dwelling unit.
- (d) Notwithstanding the 6.0 metre front yard setback, except for multi-family which shall have a minimum setback of 7.5 metres, the front yard requirement for one dwelling unit of a semi-detached building may be increased up to 3.5 metres by the Development Authority provided that the front yard of the adjoining dwelling unit meets the minimum requirement of this section.

#### (e) Table 4.4 R2 Regulations

Regulations	Requirements
Floor Area Minimum	Detached dwelling: Frontage in m x 6.0 m Semi-detached dwelling: 65.0 m <sup>2</sup> for each unit  Multi-attached: 60.0 m <sup>2</sup> for each unit
<sup>4</sup> Site Coverage Maximum	40% (includes garage and accessory buildings)
Building Height Maximum	<sup>5</sup> 2 storeys with a maximum total height of 10.0 m measured from the average of the lot grade except:

<sup>1</sup> 3357/I-2013

<sup>2</sup> 3357/Z-2009

<sup>3</sup> 3357/T-2015

<sup>4</sup> 3357/I-2013

<sup>5</sup> 3357/I-2013



## ADDENDUM

### Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

Regulations	Requirements
	<ul style="list-style-type: none"> <li>▪ Multiple family building as per subsection 4.4 (1)(b)(xi)</li> <li>▪ 3 storeys for an Assisted Living Facility</li> </ul>
Front Yard Minimum	6.0 m except multi-family which shall have a 7.5 m minimum
Regulations	Requirements
<sup>1</sup> Side Yard Minimum	<p>Detached dwelling: 1.5 m</p> <p>Semi-detached dwelling unit (without side entry): 1.5 m Semi-detached dwelling unit (with side entry): 2.4 m</p> <p>Special residential: 3.0 m</p> <p>Multi-attached (without side entry): 1.8 m Multi-attached (with side entry): 2.4 m</p> <p>Multiple Family Building, Assisted Living Facility, or Temporary Care Facility:</p> <ul style="list-style-type: none"> <li>• Buildings up to 2 storeys: 3.0m</li> <li>• Buildings of 3 storeys: 4.5m</li> </ul> <p>Notwithstanding the setbacks noted above, where the Multiple Family Building, Assisted Living Facility, or Temporary Care Facility flanks a public roadway, the setback on the flanking side shall be in accordance with Part 3, Figure 2.</p> <p>In all cases the minimum side yard requirement is subject to sections 3.19 and 5.7(2).</p>
Rear Yard Minimum	7.5 m
Lot Depth Minimum	30.0 m
Landscaped Area	35% of site area
Parking Spaces	Subject to sections 3.1 & 3.2
Lot Area Minimum	<p><sup>2</sup>Detached dwelling 360.0 m<sup>2</sup></p> <p>Semi-detached: 232.0 m<sup>2</sup> per dwelling unit</p> <p>Multi-attached: 185.0 m<sup>2</sup> per dwelling unit</p> <p>Multi-family:</p> <ul style="list-style-type: none"> <li>▪ no separate bedroom: 74.0 m<sup>2</sup> per dwelling unit</li> <li>▪ one bedroom: 111.0 m<sup>2</sup> per dwelling unit</li> </ul>

<sup>1</sup> 3357/D-2016

<sup>2</sup> 3357/I-2013

## **Schedule 3 - Land Use Bylaw Excerpts**

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City of Red Deer Land Use Bylaw 3357/2006

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	<ul style="list-style-type: none"><li>▪ more than one bedroom: 139.0 m<sup>2</sup> per dwelling unit</li></ul>
Frontage Minimum	<sup>1</sup> Detached dwelling unit: 12.0 m  Semi-detached: 7.6 m per dwelling unit  Multi-attached building: 15.0 m except, if all units are side by side town or row housing units: 6.1 m per dwelling unit  Multiple family building: 18.0 m

(e) R2 District is subject to any applicable residential regulations listed within section 4.7.

### **3. R2 Residential (Medium Density) Site Location**

- (a) Notwithstanding section 4.4(2) (d), a site shall not be located or developed so as to leave small isolated parcels of land that cannot accommodate future development.
- (b) The location of the site to be developed within the land use district, and the relationship of the site to the surrounding environs shall be subject to approval by the Commission.

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<sup>1</sup> 3357/I-2013

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### 4.5 R3 Residential (Multiple Family) District

**R3**

#### General Purpose

The general purpose of this District is to accommodate and control medium and high density residential development.

#### 1. R3 Permitted and Discretionary Uses Table<sup>1</sup>

(a) Permitted Uses	
(i)	Home music instructor/instruction (two students), subject to section 4.7(10).
(ii)	Home occupations which, in the opinion of the Development Officer, will not generate traffic subject to section 4.7(8).
(iii)	Multi-attached building up to a maximum density of 35 dwelling units per hectare (D35).
(iv)	Multiple family building up to a maximum density of 35 dwelling units per hectare (D35).
(v)	Neighbourhood identification signs subject to section 3.4.
(b) Discretionary Uses	
(i)	Accessory residential structure subject to section 4.7(3).
(ii)	<sup>2</sup> Assisted living facility, Day Care Facility, Day Care Adult, Temporary Care Facility or Place of Worship or Assembly on sites within an Area Structure Plan or Area Redevelopment Plan which designates where such uses will be situated; only on site which are designated for use within the applicable plan.
(iii)	Bed & Breakfast in a detached or semi-detached dwelling, subject to section 4.7(11).
(iv)	<sup>3</sup> Assisted Living Facility, Day Care Facility, Day Care Adult, Temporary Care Facility or Place of Worship or Assembly on sites with no approved Area Structure Plan or Area Redevelopment Plan or on sites with no designated location in an Area Structure Plan or Area Redevelopment Plan.
(v)	Detached or semi-detached dwelling unit in existence before January 12, 2004.
(vi)	Home music instructor/instruction (six students), subject to section 4.7(10).
(vii)	Home occupations which will generate additional traffic subject to section 4.7(8).
(viii)	Multi-attached building more than 35 dwelling units per hectare.
(ix)	Multiple family building more than 35 dwelling units per hectare.
(x)	Secondary suite legally in existence before April 5, 2004.

<sup>1</sup> 3357/C-2007

<sup>2</sup> 3357/X-2014

<sup>3</sup> 3357/X-2014

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

- |        |   |
|--------|---|
| (xi)   | Temporary care facility.  |
| (xii)  | <sup>1</sup> Secondary Suite in a detached Dwelling Unit, subject to section 4.7(9).  |
| (xiii) | <sup>2</sup> Existing Special Residential: place of worship, kindergarten, school, and Day Care Facility. For greater certainty, where approval for any Special Residential Use has been given prior to enactment of this Land Use Bylaw amendment, any other Special Residential Use shall also be deemed to be a Discretionary Use for that site, |

**Discretionary Uses Table - Continued**

- |       |  |
|-------|--|
| (xiv) | <sup>3</sup> Municipal Services limited to Police, Emergency Services and/or Utilities |
| (xv)  | <sup>4</sup> Show Home or Raffle Home.   |

### 2. R3 Residential (Multiple Family) Regulations

(a) Table 4.5 R3 Regulations<sup>5</sup>

Regulations	Requirements
Floor Area Minimum	Detached dwelling: Frontage in m x 6.0 m  Semi-detached dwelling: 65.0 m <sup>2</sup> for each unit  Multi-attached: 60.0 m <sup>2</sup> for each unit  Dwelling unit in a multiple family building: 37.0 m <sup>2</sup>  Unit in assisted living facility: 23.0 m <sup>2</sup>
Site Coverage Maximum	40% (includes garage and accessory buildings) except within multi-family, assisted living facility or temporary care facility on sites located within the boundaries of the Greater Downtown Action Plan, where it is 60% (including accessory buildings)
<sup>6</sup> Building Height Maximum	2 storeys with a maximum of 10.0 m measured from the average of the lot grade except: <ul style="list-style-type: none"> <li>▪ 4 storeys for Assisted Living Facility, Temporary Care Facility or Multiple family building unless site is located within the downtown commercial core area in which case there is no specific</li> </ul>

<sup>1</sup> 3357/Z-2009

<sup>2</sup> 3357/A-2012

<sup>3</sup> 3357/I-2013

<sup>4</sup> 3357/T-2015

<sup>5</sup> 3357/C-2007

<sup>6</sup> 3357/I-2013

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

Regulations	Requirements
	maximum.
Front Yard Minimum	6.0 m except multi-family which shall have a 7.5 m minimum subject to sections 5.7(2) and 3.19.
Side Yard Minimum	<p>Detached dwelling: 1.5 m</p> <p>Semi-detached dwelling unit (without side entry): 1.5 m Semi-detached dwelling unit (with side entry): 2.4 m</p> <p>Special residential: 3.0 m</p> <p>Multi-attached (without side entry): 1.8 m Multi-attached (with side entry): 2.4 m</p> <p>Notwithstanding the setbacks noted above, where the building flanks a public roadway, the setback on the flanking side shall be in accordance with Part 3, Figure 2.</p> <p>For multi-family, assisted living facility or temporary care facility:</p> <ul style="list-style-type: none"> <li>▪ Buildings up to 2 storeys: 3.0 m</li> <li>▪ Buildings of 3 and 4 storeys: 4.5 m</li> <li>▪ Buildings of 5 and 6 storeys: subject to the approval of the Commission, but not less than 6.0 m</li> <li>▪ Buildings more than 6 storeys: subject to the approval of the Commission, but not less than 7.5m</li> </ul> <p>In all cases the minimum side yard requirement is subject to sections 5.7(2) and 3.19.</p>
Side Yard Minimum <i>continued</i>	
Rear Yard Minimum	7.5 m
Lot Depth Minimum	30.0 m
Landscaped Area Minimum	35% of site area except for multi-family, assisted living facility or temporary care facilities on sites located within the boundaries of the Greater Downtown Action Plan, where 30% landscaping of the site is required.
Parking Spaces	Subject to sections 3.1 & 3.2
<sup>1</sup> Lot Area Minimum	<p>Detached dwelling 360.0 m<sup>2</sup></p> <p>Semi-detached: 232.0 m<sup>2</sup> per dwelling unit Multi-attached: 185.0 m<sup>2</sup> per dwelling unit</p> <p><sup>2</sup>- deleted</p> <p>For multi-family, Assisted living facility or Temporary care facility:</p>

<sup>1</sup> 3357/I-2013

<sup>2</sup> 3357/A-2012

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

Regulations	Requirements
	<ul style="list-style-type: none"> <li>▪ in all cases subject to section 4.5(3) (a).</li> <li>▪ no separate bedroom: 55 m<sup>2</sup> per dwelling unit</li> <li>▪ one bedroom: 82.0 m<sup>2</sup> per unit</li> <li>▪ more than one bedroom: 102.0m<sup>2</sup> per dwelling unit</li> </ul>

Regulations	Requirements
<sup>1</sup> Frontage Minimum	<p>Detached dwelling: 12.0 m</p> <p>Semi-detached: 7.6 m per dwelling unit</p> <p>Multi-attached building: 15.0 m except, if all units are side by side town or row housing units: 6.1 m per each dwelling unit</p> <p>Multiple family building: 19.5 m</p>

- (b) R3 District is subject to any applicable residential regulations listed within section 4.7.

### 3. R3 Residential (Multiple Family) Site Development

- (a) <sup>2</sup>Notwithstanding the minimum site area requirements of Table 4.5, when an area has a density designation in accordance with section 7.10(1), the minimum site area is subject to approval of the Commission.
- (b) Notwithstanding the building height maximum, any existing building located outside of the boundaries of the Greater Downtown Action Plan which is greater than four storeys may be structurally altered or replaced by another building provided the number of storeys does not increase.

<sup>1</sup> 3357/I-2013

<sup>2</sup> 3357/I-2013

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

### <sup>1</sup>5.6.1 C5 Commercial (Mixed Use) District

**C5**

#### General Purpose

The general purpose of this District is to allow for a variety and mix of commercial and residential uses in the context of a sustainable, healthy and pedestrian focused neighbourhood. This area is suitable for collector street orientated retail development incorporating residential uses above. While mixed use commercial buildings that combine living alternatives with community orientated commercial uses are envisioned, separate freestanding residential or commercial buildings will be allowed.

#### 1. C5 Permitted and Discretionary Uses Table

(a) <sup>2</sup> Permitted Uses
(i) Day care facility
(ii) Dwelling units above the ground floor
(iii) Health and medical services
(iv) Home music instructor/instruction, subject to section 4.7(10)
(v) Home occupations which, in the opinion of the Development Officer, will not generate traffic subject to section 4.7(8)
(vi) Live work unit subject to section 4.3.2(2)(b)
(vii) Merchandise sales and/or rental (excluding industrial goods, motor vehicles, machinery and fuel and all uses where primary focus is adult orientated merchandise and/or entertainment)
(viii) Multiple family building with a minimum density of 35 dwelling units/hectare
(ix) Multi-attached buildings with a minimum density of 35 dwelling units/hectare
(x) Restaurant without drive through
<sup>3</sup> (xi) Show Home or Raffle Home.
(xii) Signs, subject to section 3.3 and 3.4: (1) Awning and canopy signs (2) Fascia Signs (3) Neighbourhood identification sign (4) Projecting signs

<sup>1</sup> 3357/L-2013

<sup>2</sup> 3357/D-2015

<sup>3</sup> 3357/T-2015

## Schedule 3 - Land Use Bylaw Excerpts

City of Red Deer Land Use Bylaw 3357/2006

<b>(b) 'Discretionary Uses</b>	
(i)	Accessory building or use
(ii)	Assisted living facility
(iii)	Commercial entertainment facility
(iv)	Commercial recreation facility
(v)	Commercial service facility
(vi)	Drinking establishment (adult entertainment prohibited) and subject to section 5.7(8)
(vii)	Office in total not to exceed 10% of the gross commercial floor area of the building within which it is located
(viii)	Parking lot/parking structure
(ix)	Place of worship or assembly
(x)	Public and quasi-public buildings
(xi)	Transportation communications or utility facility
(xii)	Outdoor display or sale of goods
(xiii)	Restaurant with drive through
(xiv)	Sale of fuel
(xv)	Signs subject to section 3.3 and 3.4:
	(1) Freestanding
	(2) Portable signs
	(3) Painted wall signs
	(4) Wall signs

### 2. C5 District Regulations

Table 5.6.1 C5 Regulations

Regulations	Requirements
Residential Floor Area Minimum	37.0 m <sup>2</sup> per dwelling unit
Site Coverage	Residential: Maximum 80% (includes parking structures and accessory buildings)  Commercial: Minimum one third of site area (ground floor)
Building Height	Multiple family, mixed use, commercial or public building: <ul style="list-style-type: none"> <li>▪ maximum 4 storeys</li> </ul> Multi-attached building: <ul style="list-style-type: none"> <li>▪ minimum 2 storeys;</li> <li>▪ maximum 2½ storeys</li> </ul>
Landscaped Area Minimum	15% of site area
Parking Spaces	Subject to sections 3.1 & 3.2
Design Criteria	Subject to section 5.6.1 (4)

<sup>1</sup> 3357/D-2015



## **Schedule 3 - Land Use Bylaw Excerpts**

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City of Red Deer Land Use Bylaw 3357/2006

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### **3. Approving Authority**

- (a) The Development Authority is the Approving Authority for all uses and development in this district. In exercising its approval powers, the Development Authority shall ensure that development, in addition to the above District Regulations, also conforms with any Design Criteria as set out in an applicable overlay district.
- (b) All development standards, site plan, site access, the relationship between buildings, structures and open space, the architectural treatment of any building, the provision and architecture of landscaped areas, and the parking layout shall be subject to approval by the Approving Authority.

### **4. Design Criteria**

The following Design Criteria regulations are applicable to the C5 Commercial (Mixed Use) Land Use District.

- (a) Regulations for all Developments
  - (i) The physical relationship of building with the street is critical in establishing the overall character of the area. The building shall have a strong presence along its public street fronting property line and an inviting interface with the public realm's sidewalk and street.
  - (ii) Developments shall create variety, character, comfortable scale and visual interest by incorporating a variety of building styles.
  - (iii) The Principles of Crime Prevention through Environmental Design (CPTED) shall be applied to all development.
  - (iv) High quality hard and soft landscaping elements shall be provided including trees and shrubs that add value throughout all seasons.
  - (v) Developments shall be designed with green technologies and materials that reduce energy, waste and conserve water (i.e. green roofs, solar energy systems, district energy).
  - (vi) Buildings fronting collector streets shall have minimal front yard setbacks unless additional space is required for such things as an eating patio, major private art display, water feature or other amenity.

## Schedule 3 - Land Use Bylaw Excerpts

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City of Red Deer Land Use Bylaw 3357/2006

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- (vii) The rear yard setbacks shall be flexible and as required to allow for site access, on-site parking, loading and servicing.
  - (viii) Developers shall create opportunities for pedestrian linkages with adjacent properties.
  - (ix) Street elevations of buildings located on corner properties shall have equal sidewalk interface and architectural corner features and high quality elevation treatments along each street edge.
  - (x) Building walls facing a public street shall be articulated at approximately 6-8 metre intervals containing varied design elements such as entrances, windows, vertical accents, setbacks, canopies and signage, projections, and roof lines.
  - (xi) The front elevation of any commercial or multiple family building exceeding 2 storeys in height shall be set back from the lower floors. Residential floors above any street level commercial shall be set back from the commercial level building face. As many residential units as possible shall view the street.
  - (xii) All businesses or stores shall have their own clearly identifiable street level entry.
  - (xiii) All commercial ground floor elevations facing a street shall contain un-tinted glass windows.
  - (xiv) Underground parking is highly encouraged. All surface parking shall be paved and located behind the building(s) in carefully designed, landscaped lots with defined, integrated pedestrian connections to public sidewalks and trails. No surface parking shall be allowed between a street and a building.
  - (xv) To assist in establishing a sustainable urban environment, internal private laneways are encouraged as part of the design to allow servicing, access to parking, as well as key pedestrian linkages.
  - (xvi) Signage shall comply with the signage requirements of the Land Use Bylaw for the C1 District.
- (b) Regulations for Free-standing Residential Developments
- (i) No residential development to front an arterial roadway.

## **Schedule 3 - Land Use Bylaw Excerpts**

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City of Red Deer Land Use Bylaw 3357/2006

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- (ii) Street facing ground floor units shall have their own individual access from the public sidewalk through a private front yard or courtyard. Each street-facing unit on higher floors shall have its own balcony with glass or ornamental metal railing.
- (iii) Each ground floor unit shall have a private, landscaped front yard. Front fencing may be used to provide security, but no solid fence shall be allowed higher than 1.0 metre above the sidewalk level.
- (iv) Ramps to underground parking should be located at the rear or side of the building rather than from a front street location.
- (v) No on-site parking shall be allowed in the front yard of any residential building.”

## Schedule 4 – East Hill Major Area Structure Plan Area

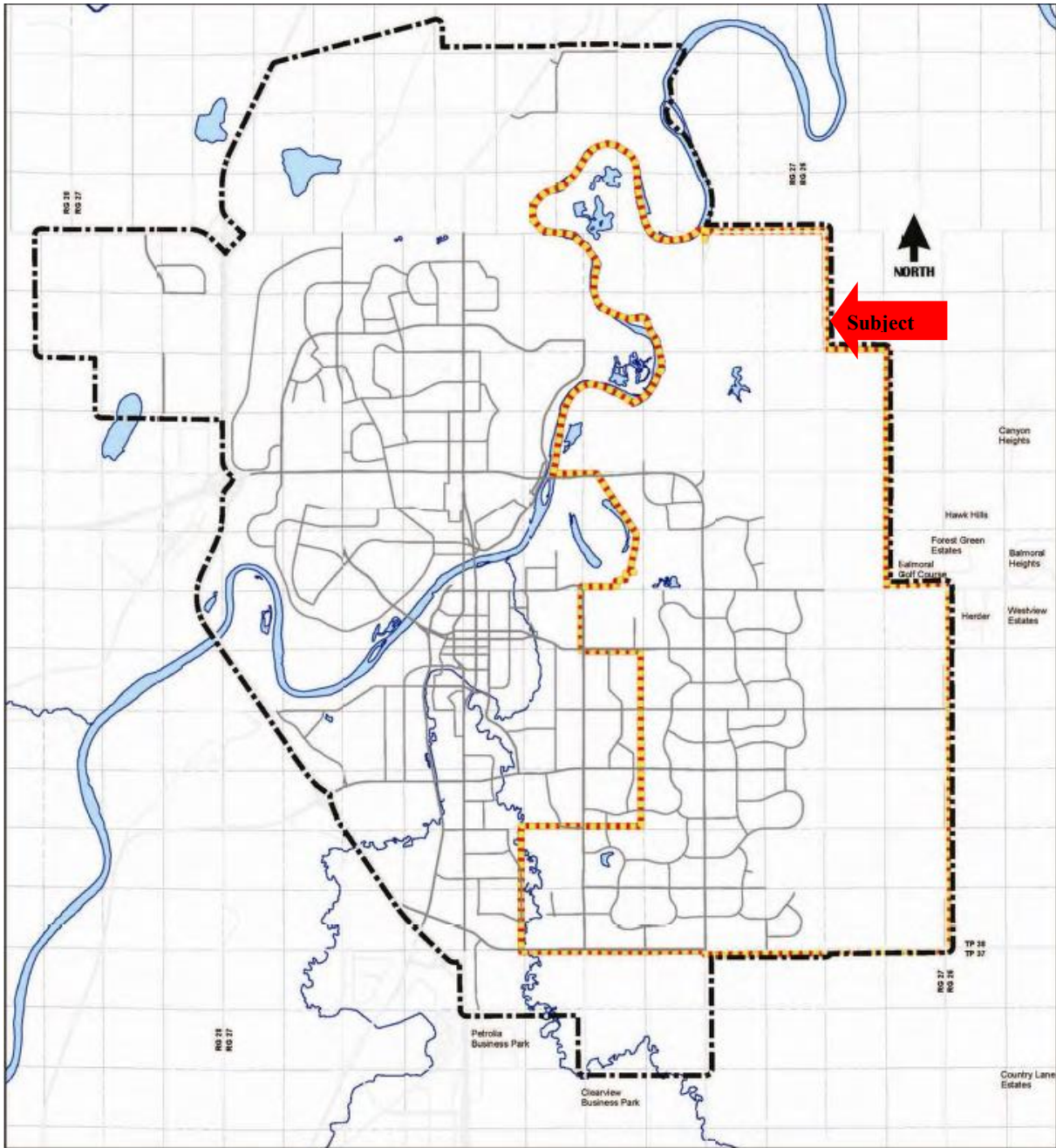




Figure 1: Plan Area - East Hill

 Plan Boundary       City Boundary

### **Schedule 5 - Contingent and Limiting Conditions**

1. The use of our appraisal for the purpose of a tax assessment appeal may require different or other data to be scrutinized which may conflict with the conclusion reached in a report prepared for a different purpose or value. Unless expressly authorized in writing, this report and contents are not to be used for the purposes or a tax assessment appeal by third parties other than the client to whom this report is addressed.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of appraisal cannot be relied upon as of any other date except with further advice from the appraiser confirmed in writing.
3. No responsibility is assumed for matters of a legal nature that affect either the property being appraised or the title to it. It has been assumed that the title is good and marketable and, therefore, no opinion is rendered about the title. The subject property must comply with government regulations, including zoning, building code and health regulations and, if it doesn't comply, its non-compliance may affect market value. To be certain of compliance, further investigation may be necessary. The property is appraised on the basis of it being under responsible ownership.
4. No survey of the property has been made. Any sketch in the appraisal report shows approximate dimensions and is included only to assist the reader of the report in visualizing the property.
5. This report is completed on the basis that testimony or appearance in court is not required as a result of this appraisal unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the appraisal report and data related thereto and the provision of appropriate compensation.
6. The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

### **Schedule 5 - Contingent and Limiting Conditions**

7. Information, estimates, and opinions that have been expressed in the appraisal report are obtained from sources considered to be reliable and they are believed to be true and correct. No responsibility is assumed for the accuracy of such items that were furnished by other parties.
8. The opinion of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good workmanlike manner. Further inspection may be required to confirm completion of such work.
9. The contents of this report are considered confidential and will not be disclosed by the author to any party except as provided for in the Standards of Professional Practice of the Appraisal Institute of Canada and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body.
10. Other than the permitted users and uses of the appraisal report outlined under the heading “Purpose and Intended Use of the Appraisal”, written consent from the author and supervisory appraiser must be obtained before all (or any part) of the content of the appraisal report can be used for any purposes by anyone except: the client specified in the report and, where the client is the mortgagee, its insurer and the borrower, if he/she paid the appraisal fee. The author’s written consent and approval must also be obtained before the appraisal (or any part of it) can be conveyed by anyone to any other parties, including mortgagees other than the client and the public through prospectus, offering memo, advertising, public relations, news, sales, or other media.
11. All factors known to the appraiser (and to the extent that the data permits) that have an impact on value have been taken into consideration to the extent felt necessary in rendering a considered opinion of value. No significant information has been knowingly withheld from the appraisal report and it is believed, to the best of my knowledge, that all statements and information in the appraisal report are true and correct.
12. This appraisal has been performed in conformity with the Standards of the Appraisal Institute of Canada, as well as the Canada Deposit Insurance Corporation Standards of Sound Business and Financial Practices – Real Estate Appraisals, and the appraisal standards under the regulations of the Canadian and British Insurance Companies Act.
13. No authorization has been given to anyone other than the appraiser to make a change to any item in the report; therefore, if an unauthorized change is made to the appraisal report, no responsibility for such changes is assumed.
14. The appraiser has no liability, obligation, or responsibility to any other person other than the party to whom the report is addressed.

## ADDENDUM

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### Schedule 6 - Qualifications of the Appraiser

#### W. W. (BILL) HALDANE, AACI, P.App.

<b>ACADEMIC:</b>	1977 – 1998	Appraisal Institute of Canada
	1998	Red Deer Real Estate Board Full Service Real Estate Broker
	1998 – Present	Appraisal Institute of Canada
<b>EMPLOYMENT:</b>	2000 – Present	Bill Haldane Appraisals Ltd., Red Deer, Alberta Residential, Agricultural, Commercial, Industrial and Institutional Real Estate Appraiser
	1998 – 2000	Soderquist Appraisals Ltd., Red Deer, Alberta Senior Industrial, Commercial, Institutional Real Estate Appraiser
	1997 – 1998	Weddell Mehling & Pander, Red Deer, Alberta Commercial Realtor
	1977 – 1997	Haldane Appraisals Co. Ltd., Red Deer, Alberta Residential, Agricultural, Commercial, Industrial, and Institutional Real Estate Appraiser
<b>AFFILIATIONS:</b>		Appraisal Institute of Canada, Real Estate Council of Alberta
<b>EXPERIENCE:</b>		Valuation and consulting assignments encompassing subdivision developments, single and multi-tenanted commercial and industrial properties, apartments and condominium developments, going-concern valuations including resorts, hotels, retail gas bars, carwashes, etc. Experience includes residential and commercial valuation and consulting assignments.

## **SCHEDULE E: Series B Preferred Share**

[Series B Preferred Share Terms begin on following page]



## SHARES IN SERIES SCHEDULE

The Series B Preferred Shares of the Corporation shall consist of an unlimited number of shares, which shall be designated as Series B Preferred Shares (the "**Series B Preferred Shares**") and, in addition to the rights, privileges, restrictions and conditions attached to the First Preferred Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

### 1. INTERPRETATION

1.1 In these provisions, unless the context otherwise requires:

- (a) "**Board of Directors**" means the board of directors of the Corporation;
- (b) "**Issue Price**" means the \$1,000.00, subject to immediate adjustment from time to time to reflect any subdivisions or consolidations of the Series B Preferred Shares;
- (c) "**Redemption Date**" has the meaning ascribed to such term in Section 4.3.
- (d) "**Redemption Value**" has the meaning ascribed to such term in Section 4.1.

### 2. VOTING RIGHTS

Subject to the *Business Corporations Act* (Alberta), the holders of Series B Preferred Share shall not be entitled to receive notice of, attend at, or vote at any meeting or meetings of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Series B Preferred Shares as such).

### 3. INTEREST

The holders of the Series B Preferred Shares shall be entitled to receive, at the redemption of the term each Series B Preferred Share remains outstanding, interest calculated at the rate of 10% per annum, calculated daily and compounded annually, calculated from the date of the purchase of the Series B Preferred Shares, which interest shall not be paid periodically but shall be accrued until the date of redemption and paid upon that date.

### 4. REDEMPTION

4.1 Subject to applicable law, the Corporation shall have the right to redeem, at any time all, or from time to time any part of the then outstanding Series B Preferred Shares at a price per share equal to CDN\$1,000.00 per share (the "**Redemption Value**"), together with all accrued interest (together, the "**Redemption Price**").

4.2 In case only a part of the then-outstanding Series B Preferred Shares is at any time to be redeemed, the shares so to be redeemed shall be redeemed pro rata, excluding fractions, from the holdings of all shareholders of Series B Preferred Shares or in such other manner as the Board of Directors deems reasonable.

4.3 On any redemption of Series B Preferred Shares under this Section 4, the Corporation shall, subject to the unanimous waiver of notice by the registered holders thereof, give at least 10 days before the date fixed for redemption (the "**Redemption Date**"), a notice in writing of the intention of the Corporation to redeem the Series B Preferred Shares (the "**Redemption Notice**") to each person who at

the date of giving of such notice is a registered holder of Series B Preferred Shares to be redeemed. The Redemption Notice shall set out the calculation of the Redemption Price, the Redemption Date and, unless all the Series B Preferred Shares held by the holder to whom it is addressed are to be redeemed, the number of such shares so held which are to be redeemed.

4.4 The Redemption Price (less any tax required to be withheld by the Corporation) will, be paid by cheque payable in lawful money of Canada at par at any branch in Alberta of the Corporation's bankers for the time being or by such other reasonable means as the Corporation deems desirable. The mailing of such cheque from the Corporation's registered office, or the payment by such other reasonable means as the Corporation deems desirable, on or before the Redemption Date shall be deemed to be payment of the Redemption Price represented thereby on the Redemption Date unless the cheque is not paid upon presentation or payment by such other means is not received. Notwithstanding the foregoing, the Corporation shall be entitled to require at any time, and from time to time, that the Redemption Price be paid to holders of Series B Preferred Shares only upon presentation and surrender at the registered office of the Corporation or at any other place or places in Alberta designated by the Redemption Notice of the certificate or certificates for such Series B Preferred Shares to be redeemed.

4.5 If only a part of the Series B Preferred Shares represented by any certificate is to be redeemed, a new certificate for the balance shall be issued at the expense of the Corporation.

4.6 From and after the Redemption Date, the Series B Preferred Shares called for redemption shall cease to be entitled to interest and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the Redemption Price pursuant to Section 4.4 shall not be duly made by the Corporation, in which event the rights of such holders shall remain unaffected until the Redemption Value has been paid in full.

4.7 Series B Preferred Shares which are redeemed or deemed to be redeemed in accordance with this Section 4 shall, subject to applicable law, be and be deemed to be returned to the authorized but unissued capital of the Corporation.

## 5. LIQUIDATION

5.1 In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Series B Preferred Shares shall be entitled to receive the Redemption Value per share, together with any accrued and unpaid interest thereon up to the date of commencement of any such liquidation, dissolution, winding up or other distribution of the assets of the Corporation, to be paid all such money before any money shall be paid or property or assets distributed to the holders of any Common Shares or other shares in the capital of the Corporation ranking junior to the Series B Preferred Shares with respect to return of capital.

5.2 After payment to the holders of the Series B Preferred Shares of the amounts so payable to them in accordance with this Section 5, the holders of Series B Preferred Shares shall not be entitled to share in any further distribution of the property or assets of the Corporation.